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Oil Glut Starting to Hurt Producer Nations

By David B. Ottaway
Washington Post Service

NEWS ANALYSIS

high premiums and even bribes to middlemen to secure top-quality oil from countries such as Libya, Nigeria and Algeria are suddenly ready to risk their future access to treasury sources by refusing to buy at demanded prices.

Many Western Firms Challenging Price Structure

fail to lure once-hungry Western customers.

Not since the start of the last decade have the oil companies dared to challenge the producers so boldly over prices. Since the boycott during the 1973 Arab-Israeli war and the increases that followed, there has not been a sustained glut permitting such a reaction.

The glut is explained partly by a dramatic drop in Western imports, particularly by the United States, which is buying about 3 million barrels a day less than it did two years ago.

Despite the risk of a backlash, Saudi Arabia is continuing its campaign to keep the world awash in oil until OPEC opponents bow to its long-term pricing strategy, which is designed to lower prices and preserve oil as the West's main energy source.

Even some of the Saudis' closest allies, like Kuwait and the United Arab Emirates, have begun to show signs of unease with the Saudi muscle-flexing, finding that they are under pressure to cut prices or production more than they want. They have begun warning companies that the glut will not last forever, and that the companies had better not break contracts now if they hope to sign new ones later.

Earlier this month, the Emirates' oil minister, Sheikh Mana Said al-Oteibi, said in an interview that there will be a blacklist of firms that forgo their contractual obligations.

and pressing the highest-priced producers to make major cuts. Italian, British and U.S. companies are demanding that Libya drop the price of its high-quality crude by as much as \$5. In France, the state-controlled Compagnie Francaise des Petroles has balked at purchasing Mexican oil even after a \$4 price cut.

Virtually all the major companies are refusing to take what they now regard as vastly overpriced oil from Libya, Algeria, Nigeria and Gabon, which had been getting \$40 to \$41 a barrel for oil used primarily for gasoline.

In their attempt to force a price reduction, the companies have been greatly aided by a recent decision of the British and Norwegian governments to cease pegging the prices of comparable North Sea oil to those of African producers, aligning them instead with the far lower rates of Saudi Arabia.

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As Riots Spread, U.K. Seeks New Deterrents

From Agency Dispatches

LONDON — The British government considered harsh new measures Sunday to stamp out rioting after violence spread to nearly a score of English towns and cities during the weekend.

Political sources said that special courts could be introduced to punish rioters swiftly. On Saturday night, gasoline bombs were thrown and stores were looted in at least 19 towns.

In London, the city worst hit by rioting on Friday night, the violence on Saturday was limited to running fights between youths and police in the Brixton area and to gasoline bomb attacks on shops in Battersea.

About 160 people were arrested in London, a third of the previous night's total, and 9 policemen were injured compared with 49 on Friday. There were no reports of serious injuries among civilians.

'Criminal Hooliganism' Cited

On Saturday, police throughout England moved in at the first sign of rioting, which they described as increasingly motivated by criminal hooliganism.

Other riots, which the political sources said bore no apparent links with the first outbreaks of violence in London, Liverpool and Manchester a week ago, spread to the seaside resort of Blackpool, the northern industrial town of Leeds, Halifax and Huddersfield and the south England port of Southampton.

In the fishing port of Hull, police described a frenzy of window breaking as pure hooliganism unrelated to anything else. Elsewhere, cars were overturned and police were attacked with bricks and bottles. Four policemen in Southampton were injured when their car was stoned and crashed. Police in Leicester said that acid was thrown at them.

In London Saturday afternoon, about 300 youths, including juveniles as young as 12, appeared in courts on charges stemming from the riots. The maximum sentence imposed was three months in jail.

Swift Sentences

Prime Minister Margaret Thatcher spent much of Saturday night with police, watching them deal with troubles in London. Informed sources said she was told by Home Secretary William Whitelaw that the rioting should be stamped on "hard and fast and sharp."

Political sources said that the government may announce this week special courts to deal with what police have increasingly described as criminal attacks. The proposal is intended to impress rioters by swift and heavy sentences. Courts could meet within hours of a riot, and those accused would be deprived of their right to trial by jury.

In addition to the courts, along the lines of those previously set up to deal quickly with soccer hooligans, Mr. Whitelaw has said there were plans to fine parents of children aged under 17 found guilty of street violence. Police have complained that children aged between 9 and 16 had taken part in the Liverpool riots.

Sir Robert Mark, the former London police chief, called Saturday for the process to be speeded up. "Punishment a year after the offense is of little deterrent value," he said.

But The Sunday Times commented: "One would have thought that experience in Northern Ireland would have been sufficient lesson that such perversions of the judicial system corrupt the system and alienate the people."

With more than 500 policemen injured in the disorders during the

last week, ministers have also promised to consider introducing water cannons and other riot-control methods and better protective clothing for the police.

Meanwhile, a political debate grew on measures to prevent riots from recurring. The Labor Party has blamed the unrest on the Conservative government's monetarist policy and a rise in unemployment to 2.85 million. Left-wing Labor politician Tony Benn said at a workers' seminar that mass youth unemployment in decaying inner city areas had created a vast social

problem that should be countered by a campaign for renewal and increased spending.

Mrs. Thatcher denies that unemployment caused the trouble, and Leon Brittan, the chief secretary for the Treasury, said at a rally that the government would look at the needs of inner city areas "but we would be defunding ourselves and would soon be sadly disillusioned if we imagined that problems of this magnitude and character can be solved simply by throwing money indiscriminately at them."

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British Prime Minister Margaret Thatcher observed the direction of police operations against rioters in London Saturday night with Commissioner Douglas Cree at Scotland Yard.

Israel Raids Palestinian Bases As Begin, Habib Renew Talks

From Agency Dispatches

JERUSALEM — Israeli jets struck at Palestinian guerrilla targets in Lebanon on Sunday as U.S. envoy Philip C. Habib renewed his contacts with Prime Minister Menachem Begin in an effort to defuse the Lebanon crisis.

The Israeli Military Command said the planes attacked anti-aircraft gun emplacements, ammunition dumps and bunkers at a Palestinian base near Naameh and Damour, 20 kilometers (12 miles) south of the Lebanese capital. The command said the planes returned safely.

'Residents' and 'local guerrilla' commanders were quoted as saying that more than 20 persons may have been killed. There was no official report of casualties. Security officials told reporters they feared casualties would rise because rescuers had already rushed to the scene when the final Israeli attack came.

It was the first time the Israelis had sent their planes into Lebanon while Mr. Habib was on an Israeli leg of his two-month-old shuttle. Last Friday, Israeli planes went into action while Mr. Habib was in Lebanon.

Syrian jets scrambled over Lebanon's Bekaa Valley as the Israeli planes struck, apparently to guard against an attack on Syria's Soviet-made, ground-to-air missiles there.

according to the rightist Voice of Lebanon radio station. The broadcast said there was no contact between Syrian and Israeli planes, and there was no confirmation of the report from Syria, Lebanon or the Palestine Liberation Organization.

The main target of the 90-minute strikes was a base sprawled on the hills overlooking the 8-kilometer (12-mile) coastal stretch between the towns of Naameh and Damour, reports said.

The base belonged to the Popular Front for the Liberation of Palestine-General Command, a radical group supported by Syria and Libya.

Israeli jets hit the same base May 28. The Israeli command said at the time that Soviet-made SAM-9 missiles supplied by Libya were destroyed in the attack. The PFLP-GC conceded that four Libyan "volunteers" were killed.

Mr. Habib had a two-hour meeting with Mr. Begin, Israeli Foreign Minister Yitzhak Shamir and other officials.

"I had a good meeting with the prime minister, and I'm going to be continuing my mission as I have in the past," Mr. Habib said. Mr. Habib refused to respond to questions about whether Israeli raids would make his mission more difficult.

Mr. Begin was also scheduled to meet with U.S. State Department counselor Robert McFarlane. Mr. McFarlane came to Israel at the request of U.S. Secretary of State Alexander M. Haig Jr. to discuss the suspension of delivery of four F-16 fighters following the use of U.S.-built aircraft in the June 7 Israeli air strike on Iraq's nuclear reactor. The United States is understood to be seeking assurance that Israel will use U.S.-supplied arms in the future only for self-defense.

Talks Resumption Proposed

Meanwhile, the head of the Israeli delegation to the negotiations on proposed autonomy for the occupied West Bank and Gaza Strip said Sunday that Israel wants the long-dormant talks to be restarted next month.

Interior Minister Yosef Burg said that a "refresher course" in the negotiations should be held initially and that substantive talks should "start slowly but surely to deal with this matter that during the last months was neglected for very comprehensible reasons."

The autonomy negotiations were suspended by Egyptian President Anwar Sadat, ostensibly to wait until the completion of the Israeli elections June 30, although the suspension followed an impasse in the negotiations.



French President Francois Mitterrand regaled West German Chancellor Helmut Schmidt with a joke on Sunday as the two leaders and their aides began a round of consultations in Bonn.

Mitterrand and Schmidt Find 'Common Language'

BONN — French President Francois Mitterrand said Sunday that he and Chancellor Helmut Schmidt have a "common language," and he said that European security is threatened by the military "imbalance" of East and West.

Arriving Sunday on his first official visit to West Germany, Mr. Mitterrand told West German television after a first meeting with Mr. Schmidt: "It was very easy to find a common language... We share essential objectives."

Mr. Mitterrand said it was wrong to describe French-West German relations as "the Paris-Bonn axis," but he was confident that close cooperation between the two countries would continue.

On the question of East-West military balance in Europe, Mr. Mitterrand said that the Soviet Union had upset it by deploying SS-20 nuclear missiles and Backfire bombers.

"The balance of power is a condition for peace... I really think that the latest initiatives and steps

taken by the Soviet Union — the stationing of SS-20 missiles and Backfire bombers — have resulted in a new superiority of the Soviets," he said.

"This is my impression, and... I must conclude that security is threatened when this imbalance occurs," he said.

Different Assessment

Mr. Mitterrand acknowledged that economic matters were somewhat differently assessed by Bonn and the new Paris government. But France's Socialist policies, he said, were necessary to bring the country out of a deep economic crisis.

The French leader, who in 1976 founded a committee to campaign for human rights in West Germany, was accompanied by Prime Minister Pierre Mauroy and seven Socialist members of his Cabinet.

A French government spokesman said before leaving Paris that he hoped West Germany's left-liberal government would respond positively to the campaign to improve labor conditions and cut

Expected Pentagon Budget Overruns Threaten Reagan Economic Program

By George C. Carlucci
Washington Post Service

WASHINGTON — The Pentagon's budget, which is already at a record level for fiscal 1982, is likely to run as much as \$10 billion over projections for the following fiscal year. This poses a serious threat to President Reagan's whole economic program, including his pledge to balance the federal budget by 1984.

Frank C. Carlucci, deputy defense secretary, acknowledged in an interview that the administration's rewrite of President Carter's final two military budgets is running \$2 billion to \$10 billion more than had been anticipated in bills coming due in 1983.

The overrun would make it more difficult for the administration to meet its spending targets in future years. Congress has cut nearly \$40 billion in spending from the 1982 budget, and, according to administration figures, will need to cut at least \$30 billion more from the 1983 budget and \$44 billion from the 1984 budget if it is to be balanced.

Those figures do not reflect the higher-than-anticipated defense spending, which a secret internal Pentagon memo puts at \$6 billion. The memo warns that Mr. Reagan either must raise the ceiling for military spending or do without some of the weapons he has ordered.

The record high peacetime budget of \$222 billion for fiscal 1982 will have to be raised by 9 percent after allowing for inflation, rather than the 7 percent planned, to accommodate the projected increases, the Pentagon memo said.

"Even the planned 7-percent growth in fiscal 1983 through 1987 does not permit the services to implement all the programs planned earlier," the memo said. It cited Mr. Reagan's decisions to build a new bomber, raise military pay and construct more ships as examples of initiatives that will add about \$38 billion to the fiscal 1983 defense budget.

"The situation will only be exacerbated, and the shortfall continued, if the inflation is different from that otherwise assumed," the memo to the White House Office of Management and Budget said.

"There is a substantial tail on the 1982 programs which is going to complicate our life in the out-years: 1983, 1984 and 1985," Mr. Carlucci acknowledged during the interview Friday in his Pentagon office. He said the extra cost could amount to somewhere between \$2 billion and \$10 billion for fiscal 1983.

"We knew this when we were putting the programs together," he said. "But the issue of whether we can live within the 7-percent guideline is something I can't speak to until I've looked at the program proposals and see what the tradeoffs are and establish priorities."

By program proposals, Mr. Carlucci meant the budget requests the military services are putting together now. Final Pentagon judgments on the requests are expected late next month.

Although he declined to discuss rumors circulating around the Pentagon that Defense Secretary Caspar W. Weinberger already has asked Mr. Reagan to go beyond 7 percent real growth in annual Pentagon budgets, Mr. Carlucci said that "We have been talking in broad terms with OMB on the dimensions of the problem."

Asked if Mr. Reagan had been briefed on the increase building in next year's budget, Mr. Carlucci would not go beyond saying that "certainly decision-makers on the other side of the river are aware of the dimensions of the problem."

Mr. Carlucci, who has done much of the background work in putting together Mr. Reagan's record peacetime military budgets and played a leading role in selling them to Congress, conceded that asking for more than the \$254.8 billion in total obligatory authority that the administration projected for fiscal 1983 is politically perilous.

He said that Pentagon planners intend to make cuts to try to stay within the 7-percent guideline. "We're not exempt from the austerity regulations laid down by the president," Mr. Carlucci said. "We will be cutting programs."

However, he vowed to resist such false economies as buying second-hand aircraft, but not enough spare parts to keep them flying or stretching out purchases to the point that the savings of mass production are lost. He said that is

(Continued on Page 2, Col. 5)

taken by the Soviet Union — the stationing of SS-20 missiles and Backfire bombers — have resulted in a new superiority of the Soviets," he said.

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physical foam sometimes rises to its neck. Its vocabulary is the Harmel Doctrine and the zero-solution and the two-track Brussels decision of December, 1979. Königswinter talks like this: "Hats for all size heads"; "French fries: 1.30 DM."

People in Bonn see Königswinter as coarse, barely *salonfähig*, the German word for guests who are fit to invite into the living room. John Le Carré, in his

book "A Small Town in Germany," decided to locate the house of Leo Harting, the embassy outcast who behaves like a spy, in Königswinter. Mr. Le Carré, who was called David Cornwell when he worked at the British Embassy in Bonn, lived in Königswinter, too, and seemed to feel that it was more than a ferry ride away from the establishment.

Sounding a bit like the foreign minister of a little country cautiously discussing a big, aggrandizing neighbor, the town manager, Franz Josef Schmitz, said: "We don't have any special relationship with Bonn. We have a common border, of course. We're interested in small things, the human things. This is our way.

Myth and Metaphysics Border on the Rhine

By John Vinocur
New York Times Service

KÖNIGSWINTER, West Germany — Across the river, glowing, is the city, the capital of West Germany and a capital of nebulosity, a place so politicized that even cabdrivers ask if they can go off the record to answer a question.

On this side of the Rhine, a four-minute ferry ride away, sits Bonn's psychic opposite: Königswinter. In legend, it is healthy country, the land of the Nibelungs, the shy dwarf kingdom that bedeviled Siegfried. In fact, it is a place of donkey rides and a plaster dragon, a bar calling itself the Dwarf-Trough and two-man accordion and Hammond organ dance bands that thump out "Besame Mucho" on Sunday afternoons for the gallants from the town's wheel factory and the women who sit waiting, fanning themselves with beer coasters.

Bonn does not come to Königswinter (the head of the local tourist office says so) and Königswinter does not head much for Bonn, except the town manager explains, to buy a wedding dress or rent a tuxedo. Königswinter is a funny hat of a place — relaxed, human, open and in its own mind, spiritually incompatible with Bonn. Why else would the Chamber of Commerce omit any mention of the capital in its new brochure, "Fabulous Königswinter"?

Bonn bathes in the abstract and a meta-

Nobody ever accused Bonn of being a magical place. Not so with Königswinter. It was here, at the Drachenfels, that Siegfried slew the dragon in a kind of early napalm attack in which he covered the beast with fire. He finished the dragon with the stab in the neck and swam in the spurting blood. This made Siegfried invulnerable.

A superior being, as the books say, except that during his soak he somehow disregarded a linden tree leaf that fell on his back, between the shoulders, leaving his perfectness open for treacherous attacks from behind. Before departing from Königswinter, Siegfried wrestled away the vast golden treasure of the Nibelungs from a dwarf named Alberich. It is said that the locals have been trying to even the score since.

Now the day-trippers come, hard-working people mostly, cigarette packs rolled into the sleeves of their T-shirts, walking away from the Rhine and toward the Drachenfels, up a street of souvenir hawkers

who sell canes and straw hats and plaques with inscriptions that read, "If in the evening wine cups clink, then by moonlight love shall wink." Many of the visitors are Dutch, drawn, it seems, by the sight of real hills, the first south of the lowlands.

There is a ruined castle on top of the hill, above the dragon's cave, above a snake show, and above the hall of the Nibelungs, which, built about 70 years ago in a spasm of nationalism, is a cross between a bunker and a mausoleum. It houses some paintings from the Siegfried legend, a bas-relief of Richard Wagner, and the command, chiseled in stone: "Honor Thy German Master." The way to the top is by cog railway, by donkey or on foot.

It is not possible to get lost. These days, a trail of Quench wrappers, a Germanic Kool-Aid derivative, pronounced *Kewch* locally, leads straight to the top. En route, besides the dragon's cave, there are coin machines with a peep show, a fortune-teller and a shooting gallery.

Perhaps best of all, is Schloss Drachenburg, a kind of Gothic castle, built in the last century by a baron who made money on stocks. It has been vaguely and selectively restored with a gilded copy of the Venus de Milo and murals that might be comfortable on the walls of a pizzeria. But it is not a boring place; just the opposite: There's something nice, something friendly, in the castle's scragginess, its lack of earnestness or ambition.

Direct Talks Demanded

Hope of ending the hunger strike by eight IRA activists in the Maze faded Saturday night with the departure of the Irish Commission for Justice and Peace for Dublin and a statement issued on behalf of the hunger strikers demanding direct talks with the British.

The London government has repeatedly refused face-to-face negotiations.

The five-man commission, a body of Catholic clergymen and laymen, tried to mediate a settlement last week.

Five hunger strikers have died since the fasts began March 1. The next prisoner likely to die is Ki-carran Doherty, 25, who Sunday was on his 52d day without food.

INSIDE

Ottawa Summit

In preparation for the summit of Western leaders in Canada, experts known as "sherpas" have been preparing position papers. In a New York Times roundtable, several likely issues are discussed. Page 4.

Polish Congress

A list of four candidates for party leader — each representing a different faction in the Polish Communist Party — has been prepared for delegates to the emergency congress that begins Tuesday. Sources say. Page 2.

Ghana Massacre

A barroom brawl was the spark for the explosion of tribal fighting in northeastern Ghana last month in which more than 500 died. Page 5.

Kania Has Competition for Leadership

By John Darnton
New York Times Service

WARSAW — A list of four candidates for party leader — each one representing a different faction in the Polish Communist Party — has been prepared for delegates to vote on at the special congress that begins Tuesday, reliable sources said Sunday.

The list includes Stanislaw Kania, the current leader, who is expected to win easily in direct voting by 1,964 delegates. The three other candidates include two prominent conservatives and a liberal.

The conservatives are Stefan

Olszowski, a ranking Politburo member who in recent months had attempted to restrain press and television, and Tadeusz Grabski, a conservative who launched a challenge against Mr. Kania at a Central Committee meeting June 10. Mr. Grabski said at that time that Mr. Kania was incapable of leading the country out of its crisis.

Saturday Meeting

The fourth candidate, whose name was not provided, was said to be a prominent liberal in the upper leadership.

Reliable party sources said the names were agreed on at a meeting

Saturday attended by Mr. Kania and other top officials and the 85 delegates from the party hierarchy who will be attending the congress.

The names of the four candidates were those most frequently recommended by party organizations in the 49 provinces. Additional candidates were expected to be proposed from the floor before the voting begins Tuesday.

Reliable sources said that Mr. Olszowski, who has assumed a more moderate stance in recent weeks and drawn closer to Mr. Kania, has already decided to withdraw from the race for first secretary, leaving the congress with a

clear choice of Mr. Kania or someone to his left or right.

It is unprecedented in Poland for a party leader to be elected by the entire congress, and if Mr. Kania succeeds, as he apparently will, his stature will be increased because his mandate will come from the entire party, not just the Central Committee.

Voting for members of the Central Committee will come at a later stage in the congress. The committee will be expanded from its current strength of 142 members to 200 members. Only 42 of the current committee are delegates, and a number of those are expected to lose. The committee that emerges from the congress, and that will choose a Politburo, will for all practical purposes be entirely new.

The meeting of central authorities Saturday also prepared a list of officially backed candidates for the Central Committee vote. Sources said that no major figures in the party leadership were dropped. But they noted that candidates proposed from the floor could considerably alter the committee that is finally approved.

Mr. Olszowski is rapidly becoming a central figure in the behind-the-scenes maneuvering. At the party plenum in June, he did not join Mr. Grabski in the challenge against Mr. Kania, which effectively saved Mr. Kania. He is also regarded with favor by the Soviet Union and especially by Andrei A. Gromyko, the Soviet foreign minister, who visited Warsaw a week ago for discussions on the congress.

Mr. Olszowski is reportedly in line for a new post, as head of a party presidium, a new institution that would plan and assist the Central Committee. The creation of a 40-member presidium, which would act as a check on the power of the Politburo.



BACK HOME — Archbishop Jozef Glemp, newly appointed primate of Warsaw and Glezno, pauses to write his autograph, using the back of an attendant as a desk, during a ceremony on his pilgrimage to Czestochowa.

9 More Leftists Executed in Iran; 90 Held

From Agency Dispatches

BEIRUT — Nine leftists were executed Sunday in Iran and 90 were arrested in the past two days, Tehran Radio reported, as a crackdown on secular opponents of Ayatollah Ruhollah Khomeini's Islamic revolution moved into a fourth week.

Iran's Interior Ministry, meanwhile, said the 12-man Council of Guardians delayed until Monday the announcement of its verdict on the qualifications of 71 aspirants for the July 24 presidential elections to replace ousted head of state Abolhasan Bani-Sadr.

In Washington, U.S. banks surrendered nearly \$2 billion in frozen Iranian assets to the U.S. Federal Reserve Bank on Saturday as part of the agreement that led to the release of 52 U.S. hostages in Tehran last January.

The U.S. Treasury had imposed a late morning deadline for the transfer of Iranian financial assets frozen by former President Jimmy Carter in November, 1979, in retaliation for the taking of the hostages. The United States had agreed to return the frozen assets by July 19.

Treasury officials in Washington said an undetermined amount of Iranian assets had not yet been surrendered but that they expected them to be delivered on Monday. They said technical problems and the relatively short notice given the banks was probably why not all of the money has been accounted for.

There is also some question about how much was due to be returned to Iran, officials said.

The Treasury has said for some time that it believes Iran has assets worth about \$2.08 billion in the United States, excluding interest. But officials said the Treasury was not certain how much interest Iran would receive from U.S. banks. "That will have to be negotiated," a spokesman said.

The financial assets surrendered to the Fed will be transferred to the Bank of England. Under the agreement, Iran will then be required to set aside \$1 billion to pay U.S. claims against it.

Tehran Radio said five male members of the underground Mujahaddin (People's Crusaders) group died before firing squads in the Caspian Sea resort of Behshahr at daybreak Sunday. They were charged with staging anti-government riots to protest Mr. Bani-Sadr's impeachment.

Two other Mujahaddin members and two insurgents of the Kurdish Democratic Party were executed at dawn in Kurdistan's provincial capital of Sanandaj in northwestern Iran for taking up arms against the Islamic Republic, the broadcast said.

This brought to 162 the total of officially announced executions in Iran since Mr. Bani-Sadr was fired by Ayatollah Khomeini as Iran's president on June 22.

Tehran Radio said the new arrests were made in raids on the group's hideouts in Tehran, Zanjan in the north and Zarrand in central Iran on Friday and Saturday.

A spokesman for the Interior Ministry reached by telephone from Beirut said the Council of Guardians had not yet passed its verdict on the presidential contestants. Official announcement of the Council's ruling will be made on Monday, he said.

Hassan Ayat, a member of the Majlis (parliament), told reporters in Tehran that the Council had cleared only six or seven of the 71 aspirants so far and that most of the rest would be declared unfit to run.

Mr. Ayat said among those cleared was Premier Mohammed Ali Rajai, the front-runner who is backed by the dominant Islamic Republican Party and 10 other powerful Moslem associations.

Tehran newspapers said Saturday that Fatollah Bani-Sadr, a brother of the former president, had been arrested. They said he was picked up along with Mostafa Entezariyan, an aide of the ousted leader.

Kaunda, Mugabe Vow Closer Ties, Assail S. Africa

SALISBURY — President Kenneth Kaunda of Zambia and Prime Minister Robert Mugabe of Zimbabwe have pledged to strengthen economic, political, military and security ties between their countries.

In a communiqué Saturday at the end of Mr. Kaunda's first state visit to Zimbabwe, the two leaders pledged their solidarity with other southern African states against "aggression by the South African racist regime." They also praised black nationalist movements in South Africa and urged the international community to increase its aid to the guerrillas fighting South African rule in South-West Africa (Namibia).

"We are going back very happy indeed," Mr. Kaunda said before leaving with his delegation. "What we have been able to see shows clearly that the Zambezi [River along the Zimbabwe-Zambia border] is not going to divide us. It is going to unite us."

Relations between the two leaders had been strained before Zimbabwe's independence in April, 1980. Mr. Kaunda backed Mr. Mugabe's political rival, Joshua Nkomo, during the guerrilla war against the previous white-minority regime.

Italian Coalition Wins Approval

ROME — The new centrist government of Premier Giovanni Spadolini, which had already won Senate approval, has easily won a confidence vote in the Chamber of Deputies, 369 votes to 247.

In what appeared to be an appeal to the opposition for a political truce in the confidence debate on Saturday, Mr. Spadolini called his five-party coalition government the weakest in Western Europe.

He is due to hold ministerial talks on Tuesday to discuss ways of working to reduce Italy's 20 percent inflation rate and of reaching an agreement between unions and employers over wage indexation.

Bolivian Leader To Retain Post

LA PAZ — President Luis Garcia Meza said on Sunday that he would stay in power despite an earlier promise to step down next month.

Gen. Garcia Meza, who has fought off several attempted coups since he ousted the constitutionally elected president, Lidia Gueiler, last July was urged to make an announcement by 20,000 supporters crowding La Paz' main square.

After listening to chants of "Let him make up his mind, now or never," the army general declared: "Well, as you have already made up your minds, I will stay." Several speakers had earlier urged the general to withdraw his promise to step down on Aug. 6 in favor of a successor chosen by Bolivia's armed forces.

Mitterrand and Schmidt Hold Conference in Bonn

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working hours that Mr. Mitterrand has launched in France and wants to extend throughout the EEC.

The French government wants this done on the basis of formal agreements between employers and trade unions in what Mr. Mitterrand has called a European social area, the spokesman said.

French Finance Minister Jacques Delors, one of the key men accompanying the president, was quoted Sunday by the West German newspaper Der Spiegel as saying he had found considerable agreement among EEC finance ministers for French ideas on the gradual introduction of a 35-hour workweek in the European Community.

West German government sources said Mr. Schmidt would seek clarification of several points in the social plan for Europe outlined by Mr. Mitterrand at his

Pentagon Budget Up

(Continued from Page 1)

what happened during the previous administration.

Asked whether he believed the 7-percent increase would be enough, Mr. Carlucci reflected for a moment and said quietly: "It's going to be a real challenge."

At the same time, he conceded that raising the defense budget higher than projected in fiscal 1983 would imperil the nation's always fragile pro-defense consensus. The risk will be especially high next year, he added, because the pain from this year's domestic budget cuts will have been felt by then.

"It is clear to us that in order to maintain the consensus in favor of a strong defense, a consensus which we think we have, it is going to be most important for those on the management side in the Pentagon to demonstrate greater efficiencies, that we're getting maximum value for the taxpayer's dollar," Mr. Carlucci said.

He emphasized that the only way to correct what the administration regards as the adverse military balance with the Soviet Union is to keep increasing the U.S. defense budget year after year and not go up and down as in the past.

Jewelry Worth \$1 Million Taken At Riviera Hotel

The Associated Press

ROQUEBRUNE-CAP-MARTIN, France — Investigators revealed Sunday a million-dollar theft at the Monte Carlo Beach Hotel and said they were searching for a key suspect. It was the second-largest jewel theft on record in the Riviera region and the fourth major jewel robbery in little over a year.

Officials said they strongly suspected the crime was an inside job. The robbery at the luxurious hotel, where the price of a room can climb as high as \$160 a night, occurred early Friday but was not made public until Sunday.

Police officials said about \$1 million in jewels was stolen from nine of the hotel's safe deposit boxes, as was \$26,000 in cash and foreign currencies. An arrest warrant has been issued for a night clerk at the hotel. Police said the 43-year-old Australian, who had worked at the hotel for only about seven months, has been missing since the theft.

The break-in at the 46-room hotel was the latest in an escalating number of hotel jewelry robberies along the Riviera. So far this year, thieves have reportedly made off with jewels worth about \$2 million from hotel safes in Monaco and Cannes.

Script Writers In U.S. Reach Tentative Accord

Los Angeles Times Service

HOLLYWOOD — A tentative settlement has been reached in the three-month writers strike against major motion picture and television producers after writers won a guaranteed share of revenues from the growing pay-TV and home video markets.

Both sides said that settlement of the protracted strike Saturday would mean that the new autumn television season may be only slightly delayed if producers immediately accede to production schedules.

Elated leaders of the \$300-million Writers Guild of America hailed the proposed contract, scheduled for a ratification vote by the rank and file Tuesday, as a new standard for the industry through the rest of this century.

Writers would receive an overall 52 to 57 percent increase in minimums paid for scripts over the contract period. The contract is retroactive to March 1.

A script for a high budget theatrical motion picture, which now brings a minimum of \$26,326, would bring \$39,955 at the end of the contract period. But, of far greater long-range importance to writers, was the accord reached over the pay-TV issue, which has sparked three strikes against the industry since last summer — first by two actors' unions and then by the writers.

WORLD NEWS BRIEFS

Rioters Destroy Government Offices in Kano

LAGOS — State government offices were destroyed and officials' homes looted in the northern Nigerian city of Kano when rioting broke out after the Kano state governor threatened to dismiss a local Moslem dignitary, reports reaching here said. No deaths or injuries were reported.

Nigerian television reporters in Kano said in a telephone call to Lagos that the state radio station, House of Assembly, several ministries and the governor's official residence were damaged or destroyed in the disorders Friday. Several cars were burned. No damage was reported to Nigerian federal government offices.

The governor was out of town at a meeting, the reporters said, and the traditional Moslem ruler, the emir, remained in his palace. The Nigerian news agency said police reinforcements had been sent to Kano, 550 miles (880 kilometers) northeast of Lagos, and the reporters said the city was calm by the weekend.

114 SWAPO Men Reported Killed in Angola

The Associated Press

WINDHOEK, South-West Africa — South African troops struck black nationalist bases deep inside Angola last week, killing 114 guerrillas in the bloodiest year this year of the bush war in South-West Africa (Namibia), the territory's military commander announced here.

Maj. Gen. Charles Lloyd said Saturday that his men had avoided contact with Angolan forces. Angola allows guerrillas of the South-West Africa People's Organization to launch raids into the territory to the south in their war against South African rule.

The Sunday Times of Johannesburg said Angola claimed the number of killed was 127 and Angolan soldiers were included. Angola also reportedly claimed the South Africans had pushed 90 miles (136 kilometers) across the border. Two South African soldiers and one member of the South-West African territorial force were killed, the newspaper said.

New Zealand Activists to Protest Rugby Tour

WELLINGTON, New Zealand — Activists opposing the South African Springboks rugby tour of New Zealand announced Sunday plans for civil disobedience in a "concerted and consistent active protest."

The Springboks are to arrive at Auckland next Sunday for their two-month, 16-match tour.

Pauline McKay, chairman of an anti-apartheid group that met in Wellington during the weekend, said that nationwide civil disobedience would be nonviolent — but "we are not an army and we can't issue orders."

Belgium Seeks to Limit 1982 Budget Deficit

BRUSSELS — The Belgian government aims to limit next year's budget deficit to 200 billion francs (\$3 billion), government sources said Sunday.

Senior ministers agreed on the target ceiling at a meeting Saturday, and Premier Mark Eyskens told reporters that spending would have to be reduced by more than 100 billion francs (\$2.5 billion). Government sources said it was decided at the meeting that the public sector borrowing requirement next year should not exceed 12 percent of gross national product. They said the forecast GNP growth for 1982 is 7.9 percent.

Growing unemployment and recession have alarmed tax receipts and boosted social security spending, forcing up the budget deficit and prompting disputes between the government's Socialist and Christian Social coalition partners on how to handle the crisis.

Lightning Bolt Sets Oil Tanker Ablaze in Italy

GENOVA — At least two crew members were killed and four persons reported missing on Sunday after a lightning bolt hit a Japanese oil tanker, causing a huge explosion that sent parts of the vessel into the air and set it ablaze, port officials said.

The lightning struck as the 59,000-ton Hakuyoh Maru finished unloading its cargo of Algerian crude at the Mulleto oil refinery port near Genoa. Witnesses said the explosion followed a clap of thunder that shook the port and shattered the windows of nearby buildings.

Many of the 31 crew members, nearly all South Koreans, leaped into the water and were rescued by port workers. Others were rescued from the tanker, which had been set ablaze. The fire spread quickly throughout the ship but was brought under control.

World Oil Glut Beginning To Hurt Producer Nations

(Continued from Page 1)

year contract with Swiss traders for 100,000 barrels a day, and Libya is said to have offered a \$1.10 discount to British Petroleum on the sale of 55,000 barrels that BP no longer wanted.

Some analysts in Beirut believe there are limits to how far Saudi Arabia can go in antagonizing its fellow oil exporters.

For this reason, they do not rule out an emergency OPEC meeting before the next regular gathering in December to seek a compromise. This almost certainly would involve a Saudi cutback in production in return for an acceptance of Saudi demands for lower prices and for a system of regular increases based on inflation rates and currency values in the West.

Bacterium to Eat Agent Orange Created in U.S.

United Press International

CHICAGO — Researchers at the University of Illinois Medical Center have announced that they have created a bacterium that eats the defoliant Agent Orange.

The bacterium feeds on a chemical that was widely used during the Vietnam War and that has been linked to birth defects and other ailments. "This raises the hope that we can eliminate Agent Orange from the environment," Dr. Ananda Chakrabarty, head of the research effort, said on Friday.

Dr. Chakrabarty said the new bacterium was created through genetic engineering techniques and given a gene that has enough 2,4,5-T, the herbicide in Agent Orange, on which to feed. In the process, carbon dioxide, water and hydrochloric acid are produced. When the supply of 2,4,5-T is exhausted, the bacterium dies.

"We are accelerating evolution by making bacteria that never existed in nature before to degrade modern man's synthetic wastes," Dr. Chakrabarty said. Bacteria break down complex compounds into materials that can be recycled by nature.

Synthetic compounds have not been around long enough for bacteria to have evolved to break them down. Dr. Chakrabarty said the new bacterium is so efficient that, in 7 to 10 days, it degraded 95 percent of the herbicide in a soil sample that had so much Agent Orange in it that nothing could grow.

44 Afghans Seek Political Asylum In West Germany

FRANKFURT — Forty-four Afghan refugees have applied for political asylum in West Germany after storming off a plane at Frankfurt airport.

The Afghans, including 10 children, arrived from Britain, where they were denied entry on Wednesday on their way back to Pakistan.

Police said during the weekend that the Afghans dashed down the gangway in Frankfurt after 50 passengers with valid visas or West German passports left the airliner after midnight Friday.

They were stopped by police and sent back to the aircraft, but when they insisted they did not want to return to Karachi, they were allowed to apply for asylum.

Informed sources said that before going to Frankfurt, the Afghans remained for 24 hours at London's Heathrow airport.

4 Climbers Die in Alps

SIEN, Switzerland — Four German brothers and their two wives were killed in a climbing accident near here last week, police announced during the weekend. The four were climbing Mount Blümel in the Swiss Alps when they were killed at the top of a 7,300-foot peak.

IBERIA'S TIPS ON FLYING

TIP 1

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Republicans Spurn Reagan; Take Cuts To Conference Panel

By Helen Dewar
Washington Post Service
WASHINGTON — Senate Republican leaders have spurned a last-minute appeal from President Reagan to accept the House version of his spending cut plan and instead insisted on debating the nearly \$40 billion in program cutbacks in a conference committee.

The decision Friday to buck the White House amounted to at least a tentative reassertion of congressional prerogative over economic policy, which has so far been dominated by Mr. Reagan and his budget director, David A. Stockman. It also constituted a go-for-broke style of lobbying that has frayed some sensitive nerves on Capitol Hill, especially in his latest effort to short-circuit the House-Senate conference on the spending "reconciliation" bill.

Agreeing with Mr. Reagan and Mr. Stockman that there are risks in a conference, Senate Majority Leader Howard H. Baker Jr., the Tennessee Republican, and Budget Committee Chairman Pete V. Domenici, a Republican from New Mexico, said that they nonetheless believed it would produce a better bill.

Mr. Reagan called Sen. Baker on Friday morning to throw his weight behind Mr. Stockman in

Senate Confirms Reagan Envoy; Others Named

WASHINGTON — The Senate has confirmed Paul H. Robinson Jr., 51, as President Reagan's ambassador to Canada, and the White House has announced nominees for ambassadorial posts in Denmark, Guatemala and Finland.

John L. Loeb Jr., 51, a New York investment banker and a former environmental adviser to the late Gov. Nelson A. Rockefeller, will be nominated as ambassador to Denmark.

Keith F. Nyborg, 51, a rancher in Ashton, Idaho, was picked as ambassador to Finland. Mr. Nyborg has been an instructor in the Finnish language and was a Mormon missionary in Helsinki in the early 1950s.

In addition, Mr. Reagan named Abraham Katz, 54, a career Foreign Service officer who has served as an assistant secretary of the Commerce Department, as representative to the Organization for Economic Cooperation and Development in Paris. The position carries the rank of ambassador.

Frederic L. Chapin, 52, a veteran diplomat, was nominated as ambassador to Guatemala. State Department sources said that Mr. Reagan would nominate Frank V. Ortiz Jr., 53, as ambassador to Peru. Mr. Ortiz, the highest-ranking Hispanic American in the Foreign Service, was recalled from Guatemala in June, 1980, after less than a year as ambassador, because of alleged disagreement with the Carter administration policy on human rights in Central America.

Himalaya Floods Kill 6

KATMANDU, Nepal — Floods knocked down the border bridge on the only road between China and Nepal, sweeping away at least six persons, travelers arriving from the frontier said Sunday. The bridge, 72 miles (113 kilometers) northeast of here, collapsed Saturday night into the Bhoté Kosi River.

urging that the Senate Republican leaders accept the House-passed version of the spending cuts instead of risking a conference compromise on the floor in the Democratic House. Mr. Stockman had lobbied hard over the last few days to get the Senate simply to accept the House bill and thus forgo a conference.

Mr. Baker submitted the issue to Republican committee chairmen and leaders, who voted 19-2 to insist on a conference. Sen. Baker then told Mr. Reagan of the decision during a meeting on another issue at the White House and reported afterward at a news conference that the president "heartily endorsed the decision once it was made."

It was the second time in recent weeks that Senate Republicans rebuffed a Reagan initiative on economic strategy. The first came when the Senate unanimously endorsed a Republican resolution rejecting Mr. Reagan's main proposals for Social Security cutbacks.

Domenici Led Fight

But both Sens. Baker and Domenici went out of their way to downplay the dispute as "an honest disagreement on the last step of the [budget] process," as Sen. Baker put it, although Sen. Domenici made a point of publicizing his disagreement with Mr. Stockman on the conference issue.

Sources said it was Sen. Domenici, principal architect of the Senate reconciliation bill, who led the fight to resist Mr. Stockman's pressure against a conference.

Reconciliation is congressional shorthand for program cuts designed to meet budget targets; in this case nearly \$40 billion worth of cutbacks in domestic programs to achieve a scaled-back spending target of \$695.5 billion for fiscal 1982. Even the Democratic-controlled House adopted most of Mr. Reagan's proposed cuts when conservative Democrats voted for a Reagan-backed substitute to cuts that had been proposed by House committees.

While the House and Senate versions were "almost identical" in about 75 percent of their provisions, according to Sen. Baker, he and Sen. Domenici said the differences were important enough to merit a conference. According to Sen. Domenici, the critical substantive differences between the two versions of the measure include Medicaid financing, food stamps and nutrition, health block grants, Conrail funding and nonbudgetary items such as radio and television deregulation.

Turkish Court Jails Foreigners

ANKARA — A Turkish military court has sentenced a French doctor and nurse and an Iranian man and Lebanese woman to five months and 10 days in prison on charges of carrying Kurdish separatist propaganda, according to the semi-official Anatolian news agency.

It said Dr. Lue Devigne and the nurse, Annick Lanter, were sentenced Friday in the eastern town of Diyarbakir. The Iranian, Mustafa Kemal Davudi, and the Lebanese woman, Sahar Chamal, were sentenced the same day.

All four were detained on April 14. Police who stopped their bus in eastern Turkey said they found pro-Kurdish pamphlets, tape cassettes and maps in their possession. They were also carrying \$20,000 worth of medical supplies, the agency said.



Smoke rises from a San Francisco area ravaged by a fire that caused \$3.5 million in damages.

Blaze in San Francisco Called Biggest Since 1906

From Agency Dispatches
SAN FRANCISCO — A fire that broke out in a former bathhouse for homosexuals has destroyed or damaged 24 buildings in what the fire chief of San Francisco called the biggest blaze in the city since fires following the 1906 earthquake.

The blaze consumed about half of a city block before dawn Friday, causing what officials estimated to be at least \$3.5 million in damage. It took 225 firefighters nearly five hours to extinguish the fire, which started about 2 a.m. No deaths were reported although firemen did not rule out the possibility that bodies might be found in the ruins.

Police said they have arrested Otis Bloom, 38, in connection with the fire. He was being held in

lieu of \$25,000 bail, but no charges had been filed against him. An arson task force is investigating the cause of the blaze.

Until recently, the structure where the fire broke out contained what was known as "The Barracks," a homosexual bathhouse. The immediate area includes several other homosexual establishments. The interior walls lacked flame-retardant covering, the fire chief said, contributing to the rapid spread of the fire, which quickly consumed a warehouse where a "sex poison" was stored.

The presence of the poison, a so-called stimulant named "Rush" that was kept in the warehouse at the back of the bathhouse, made the fire's origin suspicious, fire officials said.

Justice-White House Links Reviewed

By Jack Nelson
Los Angeles Times Service

WASHINGTON — In the wake of irregular contacts between the White House and the Justice Department, Attorney General William French Smith has warned presidential aides in at least "two or three cases" that they violated established policy by contacting Justice Department officials on pending criminal matters.

Both the White House and the Justice Department have written rules setting strict limits on contacts over pending cases — policies established to prevent political interference with the department's law enforcement duties.

Although he issued the warnings, Mr. Smith said in an interview with the Los Angeles Times that the post-Watergate era was over and that the Justice Department no longer need be operated as "an independent, isolated and pure bastion" free of White House influence.

At the same time, Mr. Smith said that the policies adopted by his predecessors in the Carter and Ford administrations to insulate the department from outside influence were outdated.

Climate Changed

"The climate in those times was that the Department of Justice had to be somehow an independent, isolated and pure bastion. Well, those times have really passed, and we really are much more collegial," Mr. Smith said, referring to the Reagan administration's practice of involving senior White House officials and others in a collective approach to important decisions.

Mr. Smith refused to identify the White House officials involved in the contacts on pending criminal matters or to discuss the nature of the cases.

He said he had personally delivered the new warnings against such contacts to White House officials

about a month ago. Since then, he said, no more such contacts have come to his attention.

In a related indication of administration concern over the problem, a White House official who asked out to be quoted said that presidential counsel Fred F. Fielding recently sent a memo to presidential aides warning them to be extremely careful in their dealings with investigative, regulatory and contracting agencies when anything but policy matters were involved.

Mr. Fielding's memo said aides would be well advised to consult with the counsel's office before making such contacts, the official said.

The Los Angeles Times, quoting a Justice Department official who asked not to be identified, first disclosed at least two instances of irregular contacts between the White House and the department in a June 14 article concerning White House counselor Edwin W. Meese's powerful role at the White House.

The officials involved in those contacts were not identified. For several reasons such contacts are especially sensitive for Mr. Smith. For one thing, the 62-year-old Los Angeles attorney has been President Reagan's close friend and personal attorney for more than 15 years.

Also, there has been criticism within Mr. Smith's department that he has not been an assertive attorney general and that the White House, under Mr. Meese, has maintained an unusually high level of contact with the department, exerting undue influence over department policy matters.

In the interview in his office, the usually taciturn Mr. Smith vehemently denied that Mr. Meese or any other White House official had exerted undue influence over department policy. Moreover, he said he had put a stop to the unauthorized contacts on pending cases.

High Court's Conservative Rehnquist Seen as a Model for Reagan Nominee

By Linda Greenhouse
New York Times Service

WASHINGTON — Throughout the speculation that preceded President Reagan's selection of Sandra D. O'Connor for the Supreme Court last week was the prediction most often heard that, regardless of gender, Mr. Reagan was looking for "another Rehnquist."

Despite similarities in origins and education — both Mrs. O'Connor and Justice Rehnquist practiced law in Arizona and were classmates at Stanford Law School — it is too early to tell if "another Rehnquist" has been found. But there is little doubt as to what that description means.

William H. Rehnquist is a symbol. People who have trouble naming all nine Supreme Court justices quickly identify him as its doctrinaire rightist anchor, the very model of a Reagan appointment. In many respects, the image is out far off the mark. After nine and a half years, Justice Rehnquist is the court's most predictably conservative member, using his considerable intelligence, energy and verbal facility to shape the law to his vision of the proper relationship between the states and Washington, legislatures and judges, citizens and government.

Predictable Career

In one respect, however, the image is inaccurate. Mr. Reagan said he wants justices who "interpret" rather than "make" law. But as one of the court's creative users — some say abusers — of precedent, Justice Rehnquist has done more than his share of "law-making," in the sense of leading the court into new areas of doctrine.

Unlike Mrs. O'Connor, Justice Rehnquist was a known quantity at the moment President Nixon nominated him to the court in 1971. As a private lawyer in Phoenix and as an assistant attorney general in the Nixon Justice Department, Justice Rehnquist often echoed the view that during the 1960s the Court had gone "too far" in weakening the peace forces as against the criminal forces in this society," as Mr. Nixon put it during the 1968 presidential campaign.

As head of the Justice Department's Office of Legal Counsel, he appeared 18 times before congressional committees to present the administration's views on such matters as wiretapping and obscenity. Little that he has said or done since becoming an associate justice at 47 has surprised observers of his earlier career.

Five years into Justice Rehnquist's tenure, the Harvard Law Review published a 64-page "preliminary" appraisal by Prof. David L. Shapiro, which the intervening years have borne out. On the basis of votes in hundreds of cases, the analysis concluded that "three basic propositions" guide Justice Rehnquist's work. When possible:

- 1) Conflicts between the individual and the government should be resolved against the individual;
- 2) Conflicts between state and federal authority should be resolved in favor of the states; and
- 3) Questions of the exercise of federal jurisdiction should be resolved against such exercise.

Last term, he wrote decisions upholding the all-male draft, rejecting a sex discrimination challenge to a California statutory rape law, and overturning a U.S. court order that had discovered and enforced specific federal rights for the mentally retarded in state institutions.

Linking Principles

Part of Justice Rehnquist's influence derives from his alliance with Chief Justice Warren E. Burger, who assigns him opinions in important cases, particularly those in which only persuasive advocacy can cement a majority. The two rarely part company, voting the same way this past term, for exam-

ple to 109 of the 121 cases in which both participated.

Opinions given Justice Rehnquist are produced quickly (his 31-page decision on Iranian assets took one week), with considerable flair and no small number of pungent epigrams. There is not "some

NEWS ANALYSIS

sort of one man, one cell principle lurking in the due process clause," he wrote in *Bell vs. Wolfish*, overruling a sweeping federal court order involving the constitutional rights of prisoners awaiting trial.

But there is substance to his style. He is one of the few members of the court who approaches the docket from a clearly

conceived ideological perspective. When most justices seem to consider each opinion in terms of the case at hand, Justice Rehnquist sows the seeds of future opinions in cases that will embody similar issues. This approach gives a tactical advantage to one who would move the court in a particular direction.

It is in dissenting publicly from a decision not to hear an appeal that Justice Rehnquist is perhaps most revealing. Unrestrained by the need to marshal a majority, he can, as he did several months ago, excoriate his colleagues for allowing death sentence appeals to drag on. He makes little apparent headway with such essays, but seems to take pleasure in using the court as his own bully pulpit.

Departure of U.S. Envoy Hailed by Afrikaans Press

By Joseph Lelyveld
New York Times Service

JOHANNESBURG — The Afrikaans-language press of the governing National Party is portraying the imminent replacement of the U.S. ambassador as a step by the Reagan administration to promote closer ties with South Africa.

Ambassador William B. Edmondson, a career diplomat, confirmed earlier this month that he would be ending his assignment in Pretoria before the end of July after a three-year tour of duty. It had long been known in diplomatic circles that the Reagan administration planned to appoint a new ambassador and Mr. Edmondson's departure at about this time had been expected.

However, an element of controversy was injected last month into what seemed to be a routine reassignment when Die Burger, an Afrikaans newspaper in Cape Town, declared in an editorial that the Reagan administration regarded Mr. Edmondson as an obstacle to the improvement of its relations with South Africa. The editorial appeared a few days after a State Department mission headed by Deputy Secretary William P. Clark visited South Africa for negotiations on the tangled issue of South-West Africa (Namibia).

Lack of Confidence

The newspaper did not cite any source for its assertion about the Reagan administration's view of the ambassador, but the editorial conveyed the impression that Mr. Clark or members of his mission had expressed a lack of confidence in Mr. Edmondson in talks with Prime Minister P.W. Botha or the foreign minister, R.F. Botha. Die Burger, which is especially close to the prime minister, commented that Mr. Edmondson's continued tenure in South Africa "can serve no purpose."

Initially, there was speculation among Western diplomats that the editorial might have the effect of prolonging the ambassador's stay. The assumption was that Washington would want to demonstrate that it was not responding to South African pressure in making what would otherwise have been regarded as a routine move.

Meawhile, a government spokesman announced that the proposed July 13-14 visit of a U.S. team to discuss nuclear issues between the two countries has been "postponed at the request of the United States." The United States has held up shipments of enriched uranium to the Tarapur plant.

"Valuable Ally"
But as soon as Mr. Edmondson's departure plans were confirmed, the Afrikaans press were quoted in the Afrikaans press as viewing the change as a harbinger of closer relations. Die Beeld, a National Party daily in Johannesburg, said it was told that the ambassador "was without doubt recalled because he is a spoke in the wheel of better relations between America and South Africa."

Because the Reagan admini-

stration views South Africa as a potentially valuable ally against Soviet expansionism in Africa," Die Beeld's report continued, "someone else is expected to fit the new setup better than Mr. Edmondson."

The editorial comments appeared to reflect a hope in official circles that the new ambassador will be a political appointee rather than a career diplomat. Various names have been mentioned in the press here as possibilities, including Edmund S. Munger of the California Institute of Technology, who has written that Americans do not sufficiently appreciate the capacity of the Afrikaners to promote peaceful change here; Westco Adams, described as a conservative lawyer from South Carolina who contributed to the Reagan campaign; Herman Nickel, a senior editor of Fortune magazine; Robert Cleaves, a conservative lawyer from California; and Peter Dawson of the Hoover Institute, who has written of South Africa's strategic value to the West.

India Rules Out Atom Inspection

The Associated Press

NEW DELHI — India will not allow international inspection of its fifth nuclear power plant, to be built in Gujarat state in western India, the government has announced.

"The fuel, heavy water and technology for the proposed project would not be dependent on any outside agencies and the reactors would be outside safeguard restrictions," an official statement said on Saturday. Of the existing four, only the nuclear plant at Tarapur is open to international inspection.

Meawhile, a government spokesman announced that the proposed July 13-14 visit of a U.S. team to discuss nuclear issues between the two countries has been "postponed at the request of the United States." The United States has held up shipments of enriched uranium to the Tarapur plant.

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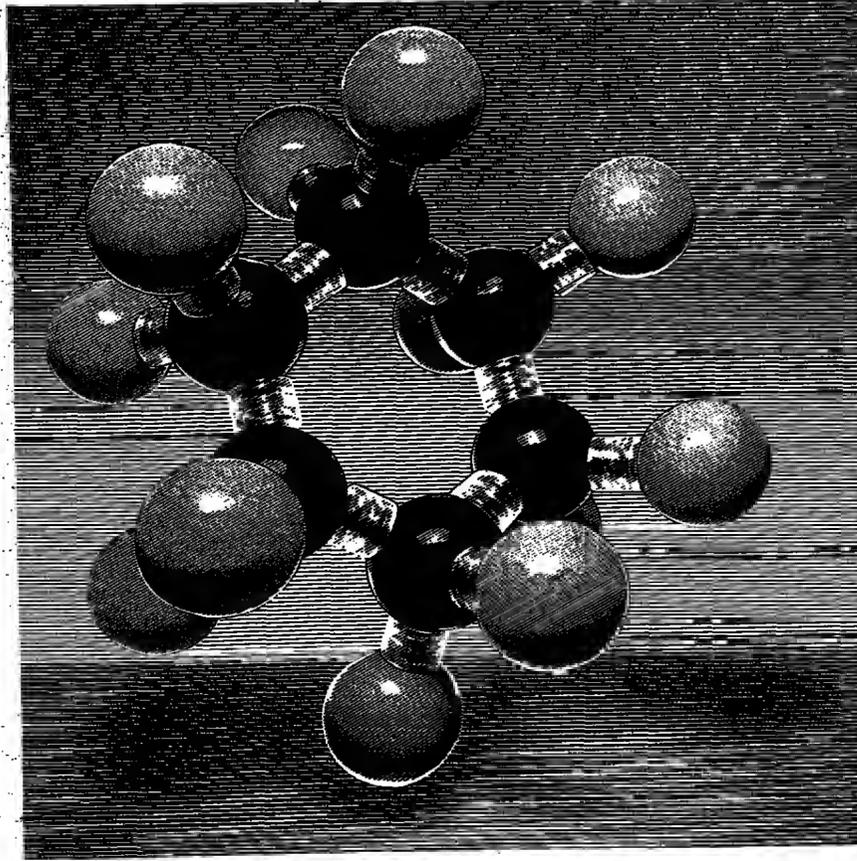
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Issues and Answers: U.S. Policy-Makers Preview the Ottawa Summit

On July 20, President Reagan will do what many other Americans have been doing to take advantage of the dollar's value against other currencies — he will go abroad. But instead of resting, he is likely to be listening to complaints from leaders of the six other non-Communist industrial powers about what his administration's right monetary policy and its consequent high interest rates are doing to their economies. France's new Socialist president, Francois Mitterrand, told a European Economic Community meeting in Luxembourg that their priority should be fighting "the scourge of unemployment" rather than inflation.

In preparation for the summit of Western leaders in Canada, experts known as "sherpas" have been preparing position papers for months. Leonard Silk, economic columnist for The New York Times, discussed the issues likely to be raised in Ottawa with Mr. Reagan's "sherpa," Myer Rashish, the new undersecretary of state for economic affairs, and Richard N. Cooper, who had that role in the Carter administration and is now a professor of economics at Harvard. Excerpts from their discussion follow:

Mr. Silk: This will be President Reagan's first summit. What do you think his first priority will be?

Mr. Rashish: I think the priority issue is where the economies of these seven principal industrialized countries are and appear to be going.

Mr. Cooper: I agree entirely. The European countries and, in their own quiet way, the Japanese, are very concerned about what they see to be the course of U.S. policy.

It's difficult to find a time in the last 20 years when the other industrial countries have been

entirely happy with U.S. economic policy. But at the present, they feel much aggrieved because it complicates their policies by its apparently exclusive focus on monetary magnitudes. The consequence of that, highly variable interest rates, pulls up the value of the dollar, or to put it the other way, pushes down the relative value of their own currencies. That forces them to maintain tighter monetary policies than they believe their domestic requirements call for.

Mr. Silk: Is there anything the president can do to accommodate these objections?

Mr. Rashish: The first observation is that a strong, dynamic, growing, noninflationary U.S. economy makes an important contribution to the economies of the other industrialized countries and to the milieu of international trade and finance in which they all work. So if we can get on a path of growth — noninflationary growth — we expect some of the immediate problems, high interest rates in particular, to be moderated.

Secondly, I don't think it is uniquely our economic policy, and the high and volatile interest rates which have attended it, that have caused the problems for the other industrialized economies, notably France and Germany.

Mr. Silk: Dick, this is not your administration, but if you were advising it, are there things that could be done to meet the concerns of the Europeans?

Mr. Cooper: Monetary policy, now the object of animus for Europeans, is not really determined by the administration, but by the Federal Reserve Bank, responsible to the Congress. It's true, though, that some members of the Reagan administration are arguing it on.

As to what advice I would

Statistical sketchbook of the big 7

	Britain	Canada	France	Italy	Japan	United States	West Germany
Annual inflation rates (in percent)	1978: 10.0	1978: 10.0	1978: 10.0	1978: 10.0	1978: 10.0	1978: 10.0	1978: 10.0
Annual unemployment rates (in percent)	1978: 5.1	1978: 5.1	1978: 5.1	1978: 5.1	1978: 5.1	1978: 5.1	1978: 5.1
Growth of real Gross National Product (percent change from previous year)	1978: 2.50	1978: 2.50	1978: 2.50	1978: 2.50	1978: 2.50	1978: 2.50	1978: 2.50
Balance of payments (in billions of dollars, seasonally adjusted)	1978: 1.20	1978: 1.20	1978: 1.20	1978: 1.20	1978: 1.20	1978: 1.20	1978: 1.20
Oil imports (in millions of tons)	1978: 41.7	1978: 41.7	1978: 41.7	1978: 41.7	1978: 41.7	1978: 41.7	1978: 41.7

give, my own view is that the all-but-exclusive focus on monetary magnitudes is onerous and potentially extremely damaging. We simply do not have at hand either the theory or the empirical information, Milton Friedman notwithstanding, that permits us, in good intellectual conscience, to give monetary magnitudes that focus. The consequences of this simple-minded theory are real interest rates which will discourage investment, throttle growth and therefore ruin counter to the administration's stated objectives.

Mr. Rashish: Any policy carries certain risks in the short term. What's important about

innovative capacities of American industry.

Mr. Silk: Pierre Trudeau, the Canadian prime minister, was just in Europe lobbying for more aid to the Third World. Robert McNamara, as one of his last acts as head of the World Bank, was very critical of Congress for not voting funds. How important is the Third World to the West?

Mr. Rashish: It's unfair to say the administration has a hostile policy toward the Third World or no policy. For security reasons and just plain humanitarian reasons, concern for what is called the Third World is one of the four pillars of American foreign policy.

The president's budget request for fiscal '82 showed an 18-percent increase in the request for foreign aid. The president has also made a clear commitment to support the multilateral development banks and that includes funding for the International Development Association, the World Bank affiliate which lends to the poorest countries. So far, that is proceeding well in the Congress, but it's a little like the perils of Pauline. The train has come down the track several times but the fair maiden has been rescued every time and we hope she will survive.

Mr. Silk: The Japanese would regard the United States as a model of liberal trade principles following the auto import quota decision. Was that an exception?

Mr. Rashish: I absolutely regard it as an exception to the major thrust of policy, a very painful one at that. The Reagan administration, in the main line of policies pursued by every administration since the end of World War II, has a very strong commitment to liberal trade.

It has other ingredients — a fiscal component and a regulatory component, designed to release the in-

Mr. Silk: Yet the Reagan administration policy is importing more oil and burning more oil.

Mr. Cooper: The Reagan administration is against reducing imports but that it has focused on one way to do it. That is to stimulate supply in the United States, which is laudatory but not enough. I find it appalling that the administration has abandoned so many other aspects of energy policy — conservation guidelines, research and development expenditure on almost anything but the broader reactor, big cutbacks for the syn-

Mr. Rashish: As our dear friend, the professor of economics knows, prices tend to operate on both sides of the ledger — both on quantity supplied, and quantity demanded. The Reagan policy tends to induce supply, conserve demand and induce substitution and conservation in terms of technological change.

Mr. Silk: On another trade and security issue, the administration seems to be moving against U.S.-Soviet trade, with the exception of the grain sales. Western Europe is increasingly involved in East-West trade. Is that a fit topic for summitry and would the United States press its allies to reduce trade with the Soviet Union?

Mr. Rashish: I don't accept your characterization of the Reagan administration policy as aimed at reducing trade with the Soviet Union — it's just not so. I do accept that it is a fit subject for summitry. So fit that the United States proposed it to be put on the agenda for the Ottawa summit, and it was put on the agenda in mid-February at the first meeting of the summit preparers, the sherpas. We started with the proposition that the issue is not simply whether we should increase or reduce trade with the Soviet Union. We recognized that we ought to have

economic relations with the East that are parallel to our general foreign policy — that we cannot conduct a rational policy except on an all-encompassing basis. Given those two premises, we tried to discriminate among cases.

Mr. Silk: The undersecretary of the Treasury for monetary affairs, Beryl Sprinkel, has called for a policy that would be even freer floating with less support for currency values. Is that the administration's position?

Mr. Rashish: The larger question is whether the policy we've had for a relatively short interval for active intervention in foreign exchanges has in fact affected in any substantial degree the path of exchange rates. There's a clear perception that regular intervention by the central banks in a handful of countries is not likely to have much impact on the course of exchange rates. The policy enunciated by Beryl Sprinkel was not 100 percent laissez-faire. It said there were exceptional circumstances in which intervention would be appropriate, but as a general rule it was ineffective and unnecessary.

Vanuatu Moving Forward in Its Bid for a UN Seat

By Bernard D. Nossiter
New York Times Service

UNITED NATIONS, N.Y. — Vanuatu, a chain of 70-odd South Pacific islands, 150,000 acres of coconut palms and only 120,000 people, has taken its first step toward becoming the 155th member of the United Nations.

The Security Council approved its application last week. The Vanuatu government of Prime Minister Walter Lini, an Anglican priest, hopes that UN membership will heal the deep cultural division caused by 74 years of joint British and French rule.

Until Vanuatu gained independence last July, Paris and London ruled the archipelago, formerly the New Hebrides. The British-French condominium set up two of everything on the islands: school systems, police forces, courts, languages, currencies and more.

Barak Sope, the secretary of Vanuatu's Foreign Ministry and one of only 20 islanders with a college degree, has been in New York to shepherd his new nation's appli-

cation through the Security Council. In an interview, he said: "We've had problems with this condominium legacy. Now nation-building is our first, primary aim."

The joint but separate rule, he said, created an "artificial division" among his people. "France and Britain each tried to inculcate their culture, like a religion. This created a problem of communication between people, between those who went to French and those who went to British schools ..."

UN membership, he said, would help unify his people. It would also reduce their sense of isolation — the chain lies 1,200 miles (1,920 kilometers) northeast of Brisbane, Australia — and "give us contact with big powers as well as the Third World."

Also, membership will speed up the flow of UN aid to the islands. "Once we become a member, things will move faster, like economic aid," Mr. Sope said. Vanuatu is scheduled to take its seat in the General Assembly on Sept. 15,

when that body approves the Security Council's recommendation for membership.

The islanders do not want steel mills, big airports or heavy industry. They have received \$735,400

so far this year from the UN Development Program, largely for technical aid to improve and diversify their agriculture. Copra, or dried coconut meat, is the biggest export. Vanuatu wants help to replant 70-year-old palms, build a palm oil industry, modernize tuna fishing, replant denuded forests and strengthen cattle raising.

Mr. Sope, 30, said his government would resist any economic development that disturbed Vanuatu's village life. "We don't want production that takes people away from the villages, that breaks up our social system," he said.

In a Melanesian dialect, Vanuatu means, "Our land that was ours, is ours and will be in the future." The highest current aid givers are the former rulers, and the French pose a problem. Mr. Sope said that about \$5 million of the \$8 million France now gives, a big amount in an economy of about \$200 million, is tied to French schools. He fears that Paris may take away this sum if Vanuatu

goes forward, as it will, with a single school system, even one teaching both French and English.

Shortly before Vanuatu became independent, an attempt was made to split off one island, Espiritu Santo, as an independent tax haven for rightist Americans and French planters. But with the help of troops from Papua New Guinea, the revolt was put down and its leader, Jimmy Stevens, is in jail.

Tourism is Vanuatu's third biggest earner of foreign exchange, after copra and fish. But Mr. Sope said his government would not permit tourism to expand.



"When you do tourism, you build infrastructure for outsiders," Mr. Sope said. "You get social problems. Our people think all while men are rich. Things like prostitution develop. We don't want to be a nation of busboys and waitresses."

UN Cambodia Conference Begins Today, Aim Is to Oust Vietnam-Backed Regime

By Bernard D. Nossiter
New York Times Service

UNITED NATIONS, N.Y. — Led by Secretary of State Alexander M. Haig Jr., the United States was to meet at the United Nations on Monday with China and 73 other nations in an effort to force the removal of the Vietnamese-installed regime in Cambodia.

The conference was called last year by the General Assembly to negotiate a withdrawal of Vietnam's troops and a process for holding free elections supervised by the United Nations. But there will not be any negotiations because Vietnam and its ally, the Soviet Union, are boycotting the meeting.

As a result, a skeptical Asian diplomat has called this a "conference that claps with one hand."

The chief sponsors of the conference, the five member countries of the Association of Southeast Asian Nations, have rejected that view. The organization, which consists of Singapore, Malaysia, Indonesia, the Philippines and Thailand, believes that the gathering will have useful political and public relations effects.

One Southeast Asian envoy said that Hanoi's failure to attend would "demonstrate that Vietnam

intervened in Cambodia not because of threats to its security but in order to impose its hegemony over a neighbor." The diplomat said the meeting would turn world attention once again to the fact that Cambodia's "backyard" had it off the back burner to put it on the front burner.

U.S. officials support this view and argue that the meeting will also underline a continuing UN concern with the troubled country.

Much interest will be directed toward Mr. Haig, who on Monday will be making his first appearance at the United Nations.

The deposed Cambodian regime of Pol Pot and his chief supplier of arms, China, oppose extending an invitation to Heng Samrin, who, backed by Vietnamese guns, replaced Pol Pot in 1979. More important, China and the Pol Pot forces oppose two points in a declaration that the conference is expected to adopt.

Among other things, the declaration will call for disarming all Cambodian factions and for setting up an interim government while the United Nations supervises elections. However, the Pol Pot forces, with China's support, want to enter Phnom Penh with

their arms before elections are held.

A draft of the declaration also offers Vietnam aid to rebuild and develop, as an inducement to pull out its troops.

Committee of Nations

Apart from the declaration, the conference is expected to set up a small committee of nations that would continue to sound out Hanoi on the possibilities of negotiating a settlement.

The thrust of the conference is a subject of dispute. The Southeast Asian countries assert that as of Friday, 75 nations were to appear at the conference, an excellent showing, particularly in light of Secretary-General Kurt Waldheim's "diffident" invitation. He never directly invited any country, but merely asked whether a nation regarded itself as "concerned." Forty-four countries had not replied.

The Southeast Asian group is especially pleased by the appearance of such important nations professing disapproval as Yugoslavia, Senegal and Nigeria. The fact that 16 foreign ministers are attending is also regarded as a sign of strength.

But the Soviet side notes that the total falls short of the 97 that voted to hold the conference last winter. Moreover, six of the countries are coming as observers. Among the 25 declining is India, as well as nations that invariably vote with Moscow.

SENIOR EXECUTIVE POSITIONS

Published every Monday, this is a compilation of senior positions published in the INTERNATIONAL HERALD TRIBUNE and other selected publications. Comments concerning this feature can be addressed to Juanito Caspari in Paris.

POSITION	SALARY	EMPLOYER	LOCAT.	QUALIFICATIONS	CONTACT	Source
INTERNAL AUDITORS	\$52,075 to \$75,570 tax free.	Food & Agriculture Org. of United Nations.	Rome	Membership of internally recognized assoc. inst. or Univ. deg. in bus. admin.; 3-5 yrs. progress exp. auditing; Eng., Fr. or Spn.	Ref. VA 175-480-887, FMO, Central Bureau, Via della Torre di Caracalla, 00198 Rome.	I.H.T. 7-7-81
INTERNATIONAL INVESTMENT PROFESSIONAL		Capital Int'l S.A. & Capital Research Co. S.A.	Geneva (Swiss or French)	Exp. in min. one of following fields: int'l portfolio mgmt.; investment research; research &/or portfolio mgmt.; Eng., Fr., Ger. or Esp.	Ref. 05325, S.A. Pothier, 102, St. Georges St., 1201 GENEVA, TEL: 81/47 56 36.	I.H.T. 4-7-81
MARKETING MANAGER		U.S. G.A.	Zurich (Swiss or German)	Strong ability in communication skills; organizing mgmt.; a working exp. with Ger. distrib. or sales org.; Eng., Ger., +.	Int'l Dept., Wilburton Corp., 7201 W. MacArthur Ave., Englewood, Colorado 80110, USA.	I.H.T. 4-7-81
PR/ADVERTISING MANAGER		Ciccom Systems Int'l (Software Co.)	San Francisco, Calif.	Highly skilled writer & exhibit sales; 5 yrs. exp.	The Communications Group, 37, Cross Street, Singapore 0489.	I.H.T. 4-7-81
DIRECTOR OF TRAINING	D.F. 6,959 to 9,385 monthly.	European Institute of Public Administration.	Maastricht, Holland	Univ. deg. (Ph.D.); Fr., Eng.; capability of functioning as member of int'l mgmt. team; extensive exp. in training & advc.	The General Director of the European Institute of Public Administration, 3211 PB Maastricht (The N. 12/186).	I.H.T. 4-7-81
DIRECTOR OF SYSTEMS ENGINEERING	Highly attractive.	IBM Play Computers System Manufacturer.	London	Highly qual. system engineer with in depth exp. in IBM 3081 systems & customer S.C. support exp.	Int. Euro/201 701, The Director, International Sales, Research & Dev. Dept., 99-101 St. Lawrence Road, Woking, Surrey SIA 3EZ.	I.H.T. 4-7-81
PRODUCT MANAGER		Intercontinental Metals Corp.	North Carolina	Engineering + Production; also foreign travel; English + French and other Spanish.	Intercontinental Metals Corp., P.O. Box 228263/8275 Morrison Blvd/Suite 301, Charlotte, North Carolina, 28211, U.S.A.	Frankfurter All. Zeit. 4-7-81
CONSULTANTS for int'l devpt. projects.	c.£28,000	PA Int'l.	Africa, Mid. East & Asia.	Int'l exp. in development projects.	Mr. Andrew L. Goldstein, PA International, 339 High St., Slough SL1 1TL.	Economist 4-7-81
GEOLOGISTS ENGINEERS METALLURGIST	Competitive	CSR Ltd.	Australia & South East Asia	Univ. qual. in appropriate disciplines & between 2-6 yrs. practical exp. since graduation.	Price Waterhouse Associates Pty., 101 Bond Street, Sydney NSW 2000, Australia.	I.H.T. 7-7-81
VICE PRESIDENT Lending Control	S.Fr. 85 to 110,000	Export Finance Co.	Central Swiss	Min. 10 yrs. exp. credit analysis & control with int'l banks/finance co.; Eng. +; Swiss citizens only.	Box 0 1739, International Herald Tribune, 22521 Neillville Colles, France.	I.H.T. 7-7-81
INTERNATIONAL MANAGEMENT OPPORTUNITIES	US\$800-125,000	OGT (Holding Co.)	Lagos & London	Group Managing Director, Group Technical Manager, Group Finance Procurement Mgr., Group Strategy & Development Mgr., Group Shipping Mgr.	File # 0012A, Daniel Anselmi, Wanda Garcia, 37 Connaught Square, London W2.	I.H.T. 7-7-81
INTERNATIONAL MANAGEMENT OPPORTUNITIES	US\$800-125,000	OGT (Holding Co.)	Nigeria	Group Managing Director, Group Technical Manager, Group Finance Procurement Mgr., Group Strategy & Development Mgr., Group Shipping Mgr.	File # 0012A, Daniel Anselmi, Wanda Garcia, 37 Connaught Square, London W2.	I.H.T. 7-7-81
RESPONSIBLE MARKETING & SALES		Comas Services.	Marseille, France	Min. 20 yrs. exp. in position (see description) + Univ. deg. in bus. adm.; Eng., Fr., Ger. or Spn.; multi-currency asset mgmt.; ability without passport.	Ref. M 333, 333 Messisieres Boulevard, 48 Rue de la Paix, 13001 Marseille.	I.H.T. 7-7-81
ASSET MANAGEMENT Middle East	Attractive	Major int'l bank.	Middle East	Proven banking exp. and in multi-currency asset mgmt.; Eng. + Arabic.	Brian Jones, St. James's Mount, 417 and Lime Court, Fleet St., London EC4A 3DF.	I.H.T. 7-7-81
SALES & MARKETING MANAGER	Excellent	OEM division of leading American manufacturer.	Western Europe	Professional; Eng., Ger.; skills in direct sales incl. contracts negotiation; tech. exp.; transport; field exp.	Box 0 1781, International Herald Tribune, 22521 Neillville Colles, France.	I.H.T. 7-7-81
INTERNATIONAL LENDING OFFICER		Int'l Bank.	Paris	20-30 yrs. grad. qual. in bus. economics; exp. int'l banking/finance with Greek bank, world bank, Stock, Eng. & Fr.	Box 0 1782, International Herald Tribune, 22521 Neillville Colles, FRANCE.	I.H.T. 7-7-81
TOP MANAGEMENT CONSULTANT		Boehr. Alcan & Hamilton Inc.	Duesseldorf (Europe)	20-30; international & production/business; English, French, German, Dutch, Swedish, Danish, Italian, Spanish, Portuguese, Greek, Russian, Japanese, Chinese, Hindi, Malay, Thai, Vietnamese, etc.	Boehr. Alcan & Hamilton Inc., 4 Dusseldorf, Tel: 0211/371894, W. Germany.	Frankfurter All-Zeit. 4-7-81

U.S., 3 Other Nations Seek to Develop Economic Plan With Caribbean Region

By Michael Getler
Washington Post Service

NASSAU, Bahamas — The foreign ministers of Canada, Mexico, the United States and Venezuela have agreed to begin immediate consultations with governments throughout Central America and the Caribbean as the first step in a plan to cope with the severe economic problems that underlie spreading social and political turbulence in that region.

William E. Brock, the special U.S. trade representative who was part of the U.S. delegation here, told reporters Saturday that the consultations would probably start within a month.

They also were to be held with other prosperous countries outside the region and with international financial institutions to draw them into an even broader coordinated economic assistance effort.

A joint communiqué issued at the close of a five-hour meeting and luncheon said that, although many countries inside and out of the region are providing economic help, the four big donors agreed that "more comprehensive efforts" are needed based on "a consultative process" in which both donors and recipients come to a realistic understanding of what is needed and what is financially possible.

To ease fears that the new initiative might be used as a cloak for military aid or as a U.S. effort to isolate Cuba or other leftist governments such as Nicaragua and Grenada, the communiqué also said the ministers "concluded that there are significant advantages to an economic and social development approach without military considerations or political preconditions."

Furthermore, it said that "donor countries must be free to choose the countries with which they can best cooperate and the ways they can best be of help."

This is significant as a way around foreign policy differences between the United States and Mexico, in particular, since Mexico maintains good relations with

and provides aid to Cuba and other leftist governments in the region. The Mexicans believe that the Reagan administration has made too much of the Cuban and Soviet threat to the area.

U.S. Secretary of State Alexander M. Haig Jr. was asked if Cuba could receive aid under the new initiative. Mr. Haig, who headed the U.S. delegation here, did not answer directly. Rather, he explained that while there is no automatic exclusion of any country from aid, there is also no automatic obligation of a donor to include a certain country.

Each country would make a decision on its own, Mr. Haig said, an arrangement that allows the United States and Mexico to continue their separate approaches to Cuba while hopefully coordinating other efforts.

Mr. Haig and the other ministers emphasized that the plan was still in the exploratory stage, was only an agreement in principle at

this point, and that no specific projects could be detailed until discussions with potential recipients are completed.

Despite the absence of hard new monetary commitments and considerable skepticism among many critics, Canadian External Affairs Minister Mark MacGuigan said that he had no trouble endorsing what has been done thus far as a "positive step forward." Mr. Haig also cautioned against too much cynicism, saying that the fact of the meeting — the first of its kind at a "high political level" — was in itself a good sign.

Although development plans for the Caribbean basin have been tried before without much success, the start on this one represents at least a preliminary political victory for the Reagan administration, which called for the meeting.

The new administration wants to show that it understands that economic and social factors underlie much of the political unrest.

Greece Avoids Yugoslav-Albanian Rift

New York Times Service

ATHENS — The Greek government is rebuffing attempts by neighboring Yugoslavia and Albania to embroil it in their dispute over the Albanian minority in Yugoslavia's autonomous province of Kosovo.

The Greeks, refusing to take sides, are warning the two Communist-ruled countries that their dispute could open the way to Soviet intervention in the area. "Greece doesn't want involvement in this dispute," Foreign Minister Constantine Mitsotakis said. "We don't want Albania and Yugoslavia to get us involved in their differences and neither do we want third parties to interfere in the area."

Premier George Rallis said recently that Greece was "against any attempt to disturb the status quo in the area."

Yugoslavia's contention that Kosovo was fomenting trouble in Albania, the scene of wide nationalist disorders a few months ago. But the deeper Greek fear is that any extension of the dispute would awaken passions among the many minorities in Yugoslavia.

The Greeks do not hide their awareness that Yugoslavia is trying to draw them into the dispute by depicting Albania as a common threat with expansionist ambitions. But the isolationist rulers of Albania, while trying to ally Greek suspicions, made matters worse through a blunder that turned Greek public sentiment against them.

The controversy began in May when Yugoslavia made public an Albanian-origin "map" indicating that Tirana had claims to a "greater Albania," involving territories running deep into Yugoslavia and Greece.

Greek intelligence determined that the map was produced in 1971 by exiled Albanians in the West.

Albania insisted to accuse Yugoslavia of seeking to undermine Greek-Albanian relations. An agreement by its embassy in Athens gave assurances that Albania had no territorial claims on Greece. But the embassy also said that the healthy sections of Greek public opinion know that the so-called Northern Epirus issue is long dead and has no future.

The statement provoked an outcry from nationalist groups in Greece, who say that parts of southern Albania are Greek, with a Greek ethnic minority of 300,000 reportedly suffering atrocities and discrimination. They call the area Northern Epirus. These organizations accused Tirana of holding 20,000 ethnic Greeks in prisons or concentration camps.

Ghana Strife Rooted In Old Tribal Enmity

By Paris Waldmeir

WULENSI, Ghana — A bar-room brawl was the spark for the explosion of tribal fighting in northeastern Ghana last month in which hundreds of people died and an estimated 20,000 were made homeless.

Witnesses in this village 175 miles (280 kilometers) north of Accra said that warriors of the Konkomba tribe stormed in just after dawn on June 21, killing more than 500 members of the rival Nantonba tribe with guns, arrows and cutlasses, and burning down their homes.

Sanitation workers said they had buried 520 bodies of men, women and children. Police and troops who moved in to put down the fighting said that a further 200 to 300 people might have died in neighboring villages.

In Accra, four members of Parliament who visited the area told the house that 1,500 people may have been killed and several hundred may have been injured. The legislators said they had counted 27 villages destroyed.

Their report said that Konkombas had moved from their base in Togo to the area to fight the Nantonbas. It also called for an increase in military and police presence in the area.

The Nantonbas are refusing to work their farms or travel without army protection. This situation could lead to famine next year because the planting of yams, the staple root crop of Ghana, has been disrupted.

The government has declared the region a disaster area, set up a national committee to coordinate relief work and banned the carrying of arms. The Ghana news agency said President Hilla Limann scheduled a visit to the area to try to restore calm.

The trouble started in late April, according to the agency, with a brawl in a beer bar between two men, a Nantonba and a Konkomba, in the Nantonba district capital, Bimbila. Some reports said the

fight, which involved the son of the local Nantonba chief, was over a woman.

The fight brought a simmering intratribal rivalry to a boil. In recent years, educated Konkombas have claimed that the rights of their seminomadic tribe are infringed by the Nantonbas, who claim a right to appoint chiefs to Konkomba villages and to extract tribute in the form of unpaid labor and food.

Griefs Over Traditions

The Nantonbas allege that their customs and traditions have been violated by Konkombas who have settled in their areas.

The fighting that began in Bimbila spread rapidly through the area, culminating in the Wulensi killings.

More than two weeks after the attack on Wulensi, the stench of death still hung over the village. Heavy rains had undone the work of the gravediggers. The head and shoulders of a decomposing body protruded from a shallow grave in the main street.

The village was almost deserted, the Nantonbas who had survived the attack having fled into the bush. A few refugees had returned under military escort to salvage what they could from the ruins of their huts while some Konkomba women searched for anything of value left by the fleeing villagers.

At the tiny police station a chicken picked its way among the blood-soaked clothing of the 100 or so people who had fled seeking refuge within its walls. Witnesses said that the Konkomba agreed to respect the sanctuary of the police station until one of those who had fled there opened fire on them.

Police who were there at the time said that there had been only 10 officers in Wulensi when it was attacked.

No Ammunition

They said that transport and communications problems, serious throughout Ghana, had made it difficult to control the fighting. Army reinforcements requested the evening before the attack had taken 36 hours to arrive from Tamale, 100 miles away, they said, while paramilitary police who drove up in an armored car at the height of the fighting had no ammunition.

The army did protect Bimbila from attack by surrounding tribesmen.

Although no fighting has been reported since June 23 and the tribes are observing a truce monitored by the army, civil servants who fled Bimbila have not returned.

The town's streets teem with refugees, and food is running critically low. Relief workers are notable by their absence. One doctor using a Health Ministry van arrived 10 days after the fighting stopped.

Officials in California Fear Use of Pesticide

SAN JOSE, Calif. — Some officials in an area stricken by Mediterranean fruit flies have urged residents to leave, as officials prepared to battle the bugs with aerial spraying of a controversial pesticide.

Barring the issuance of a court injunction sought by officials in Northern California, helicopters are to begin aerial spraying of malathion early Tuesday. The spraying program was ordered by Gov. Edmund G. Brown Jr. after the U.S. Department of Agriculture threatened a quarantine on California produce.

The 97-square-mile area of the infestation will be sprayed with malathion at least six times, with the applications coming seven to 10 days apart, officials said.

The first application is expected to take a week and the rest two to three days each, officials said. The first "target area" is a 15-square mile section near Stanford University.

However, U.S. Agriculture Secretary John R. Block warned that spraying might not be enough to halt the pest, and said he still might have to impose a quarantine on 200 fruits and vegetables grown in California. That could mean short supplies and high prices nationwide. The crops were valued at \$4.1 billion last year.

State agriculture officials, while insisting that the chemical posed no health threat, urged residents to stay inside, cover their cars and bring children's toys inside during the 2 a.m. to 6 a.m. spraying.

Some local officials urged residents to flee rather than face the possible danger of malathion.

"I don't know where I'll go but I intend to leave," said Zoe Logren, the Santa Clara County supervisor. A Sunnyvale city councilman, Larry Stone, predicted that "an exodus will create incredible security problems; the area will be open to every residential burglar if people leave, and many will."

Meanwhile, tens of thousands of residents in a 620-square mile area around Mountain View already under quarantine worked to strip the trees in their yards as pesticides were sprayed from the ground. Those who have not stripped their trees by Monday will be subject to citations carrying possible six-month jail terms and \$500 fines.



A woman carrying a baby joined other protesters outside the state Capitol in Sacramento to express opposition to plans to spray trees in their neighborhoods with a pesticide.

Brain Chemical Level Tied to Suicide Risk

By Lois Timnick
Los Angeles Times Service

LOS ANGELES — Can the likelihood of a person's committing suicide be predicted — and prevented?

Yes, say researchers at the National Institute of Mental Health in Bethesda, Md., and the Karolinska Institute in Stockholm.

They believe they have found a "suicide factor" in human spinal fluid that can be measured by a simple laboratory test.

Often patients who have been severely depressed or who have made an unsuccessful suicide attempt are misjudged "not suicidal" and sent home, only to take their lives within months.

The new test can separate the truly suicidal from the depressed or otherwise disturbed patient, the researchers say. It can help doctors decide which patients need longer hospital stays, with more intensive treatment, as well as which patients should receive new drugs that appear to alter levels of this suicide factor, a well-known brain chemical.

And it is shedding light on why men kill themselves more often than women and why not all suicidal people are depressed and not all severely depressed persons are suicidal.

Brain Chemical

The test indirectly measures a brain chemical called serotonin, one of numerous "chemical messengers" that transmit impulses from one nerve cell to the next. Although serotonin itself is fleeting, it leaves behind a sort of fingerprint or marker — its metabolite or end product, a chemical called 5-HIAA. It is this 5-HIAA that can be detected in cerebrospinal fluid taken by lumbar puncture (a spinal tap) a few inches below the end of the spinal cord.

The chemical does not fluctuate from day to day, according to

mood or illness, but appears to be a stable measure of personality traits, which are probably largely inherited. The chemical is generally present in lower levels in men than in women.

The relationship between low 5-HIAA and a high suicide risk is "the most powerful association I'm aware of between a biological marker and a behavior," said Dr. Frederick K. Goodwin, chief of the National Institute of Mental Health's clinical psychology branch of research.

Dr. Goodwin and Dr. Gerald L. Brown of the NIMH and Dr. Marie Asberg of the Karolinska Institute — together and separately — have conducted studies during the last five years that clearly establish the link.

Swedish Studies

The NIMH team had been intrigued by an earlier study in which they found a connection between impulsive, aggressive behavior in a group of Navy enlisted men and levels of certain brain chemicals. Aggression and low 5-HIAA (and thus low serotonin) seemed to go hand in hand in these men. But the researchers also noticed, almost accidentally, that 82 percent of the men in the low 5-HIAA group had attempted suicide — nine times the number who had done so in the group with high levels.

Meanwhile in Sweden, Dr. Asberg, who had first reported the association between low serotonin and suicide, demonstrated not only that serotonin's end product, 5-HIAA, was lower in those who attempted suicide than in others, but was especially likely to be low in those who chose violent methods and also in those who were successful in suicide.

Men tend to choose more violent and effective means of suicide, such as shooting, hanging or drowning, while women resort to pills or mild wrist-slashing and are more likely to be unsuccessful.

The strongest and most recent evidence comes from Swedish studies that followed up a group of suicide attempters. Dr. Goodwin said. The NIMH is cooperating in the studies.

After a year, only 2 percent of the patients admitted to a hospital intensive care ward after a suicide attempt had succeeded in killing themselves. But 22 percent of another group of patients, who had been seen in a psychiatric unit and found to have low 5-HIAA, had killed themselves.

Dr. Goodwin said that clinical trials are under way with a new anti-depressant drug called zimelidine that slows the normal destruction of serotonin in the nerve cell. Other approaches center on substances that increase the production of serotonin. Depressed patients with low 5-HIAA often fail to improve on conventional anti-depressants.

U.S. Withheld Report on Benefits of Legal Abortion

By Victor Cohn
Washington Post Service

WASHINGTON — Legalized abortions have reduced abortion-related disease and death among American women and have reduced the incidence of teen-age pregnancies and out-of-wedlock births significantly, according to a never-delivered statement from a federal Center for Disease Control official.

The 11-page statement, prepared by Dr. Willard Cates Jr., chief of abortion surveillance at the center in Atlanta, was to have been given as testimony May 20 before a Senate Judiciary subcommittee.

But his superiors, including Richard S. Schweiker, the Health and Human Services secretary, decided to replace Dr. Cates at the hearing with another center official, Dr. Carl W. Tyler, who presented a three-page report omitting most of the favorable effects of legalized abortion described by Dr. Cates.

Mr. Schweiker is an opponent of abortion and a longtime advocate of a constitutional amendment to prohibit the procedure, as are his two top health officials, Dr. Edward Brandt, the assistant secretary, and Dr. C. Everett Koop, the deputy assistant secretary.

Koop also is Mr. Schweiker's choice for surgeon general, a position that would put him in charge of programs administered by the center.

Decline in Illness

Dr. Cates' statement would have been given to the subcommittee, which, in an anti-abortion vote Thursday, said human life starts at conception. In the statement, Dr. Cates said that legal abortions have produced a dramatic decline in abortion-related illnesses and have created new means of "convenient, low-cost delivery of outpatient health services" to women.

He also quoted data showing:

- In 1965, when abortions were illegal everywhere in the United States, there were 235 abortion-related deaths nationally, 20 percent of all pregnancy-related deaths, and "it was not unusual for half of all beds in the gynecologic units of large public hospitals to be occupied by women suffering complications" of illegal abortions. In 1976, three years after the Supreme Court decision legalizing abortion, there were two abortion-related deaths.
- Advances in surgical methods have made abortion safer than childbirth. "The risk of dying from induced abortion during the first 15 weeks [of pregnancy] is one-seventh the risk of dying from pregnancy and childbirth."
- Legal abortion has helped produce significant declines in teen-agers' "high-risk marriages" that often produce unwanted children and has been associated with a decline in out-of-wedlock births in some states. The highest teenage child-bearing rates occur in states with the lowest abortion rates, the statement said.
- The availability of amniocentesis — examination of the fetus during pregnancy — and abortion if the fetus is deformed apparently has led to 10 percent more child-bearing, rather than less child-bearing.

U.K. Consulate Bombed

TRIESTE, Italy — An incendiary bomb exploded on the roof of the British consulate in Trieste on Saturday, police said. There were no injuries and only minor damage.

French Confirm Case Of Legion's Disease

PARIS — French medical authorities say they have identified one confirmed and at least three suspected cases of the pulmonary infection known as Legionnaires' disease.

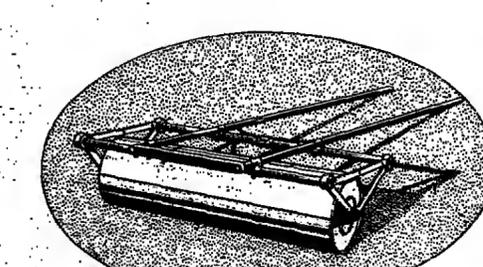
The medical authorities said Saturday that the afflicted patient was being treated at Bicêtre Hospital in northern Paris. No details on the patient's identity or condition were given. The disease first came to medical attention in 1976 when it caused the deaths of 29 persons who had attended an American Legion meeting in Philadelphia.

Alcohol Poison Toll Rises to 325 in India

NEW DELHI — The death toll in one of the world's worst illicit liquor poisoning disasters has risen to 325 with the deaths of two more persons in India's southern state of Karnataka.

The Press Trust of India said Saturday that one person died in the state capital of Bangalore and another in the town of Mysore. Scores of people are still being treated in hospitals.

Everyone at Wimbledon now uses a Rolex.



The pony roller. Too wide to be removed from any Centre Court exit!

It is rumoured that The Championships of The All England Lawn Tennis and Croquet Club were started in order to raise funds for the repair of the Club's pony roller. The roller at that time was used to maintain the croquet lawns.

What is certainly true is that, on Monday, 9th July, 1877, the 22 entrants assembled at the Wimbledon courts in Worple Road for the Men's Singles Championship (the only event).

From such inauspicious beginnings developed the most prestigious tennis championships in the world. The championship every player dreams of winning; then dreams of winning again.

In those far-off days of the early 1870s much was done to popularise the new game by a Major Wingfield who offered for sale a boxed version of the game. It was marketed under the unlikely name of "Sphairistike."

At various country houses up and down Britain, croquet rapidly went "out" and lawn tennis or "sticky," as it was

nicknamed, was "in."

Thus, those first Wimbledon Championships were a natural reaction to a fast-growing game that was virtually unheard of ten years before.

Yet that first pioneer committee did far, far more than simply set up a tennis tournament.

For the first time, the size and shape of the court; the position of the service lines together with the height of the net were set down in writing. Except for minor adjustments over the next three years, these dimensions remain the same today.

But many would say that the committee's greatest achievement was the new scoring system. (Previously the racquets method of scoring was used.)

This system brought periods of heightened tension and points of high drama to the game. And no-one has ever improved on it.

In modern times, The All England Club did much to bring about open tennis in the late sixties.

For some time both The All England Club committee and the Lawn



Major Wingfield, the "inventor" of Lawn Tennis.



Spencer Gore, the first men's singles champion in 1877.



Helen Wills (Moody), eight times ladies' singles champion in the 20s and 30s.

Tennis Association had wanted to bring an end to the increasingly hypocritical sham of the "amateur." A distinction which meant that some of the world's greatest players who had declared themselves professional could not, under existing International Lawn Tennis Federation rules, compete at Wimbledon. Finally, the I.L.T.F. yielded to British pressure and Wimbledon became truly open once more in 1968.

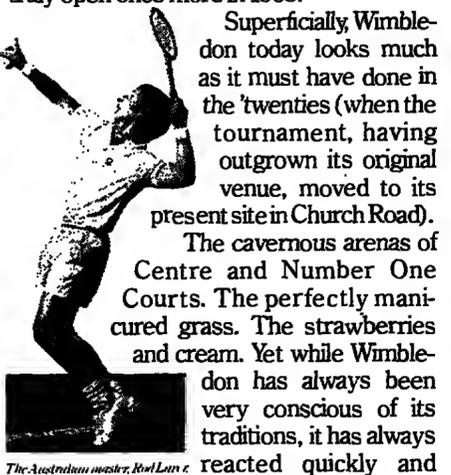
Superficially, Wimbledon today looks much as it must have done in the twenties (when the tournament, having outgrown its original venue, moved to its present site in Church Road).

The cavernous arenas of Centre and Number One Courts. The perfectly manicured grass. The strawberries and cream. Yet while Wimbledon has always been very conscious of its traditions, it has always reacted quickly and progressively to the ever-evolving needs of the game, the players and spectators.

And times have changed at Wimbledon. The Rolex Watch Company of Geneva have been asked to replace and update the entire Wimbledon time-keeping system. Throughout the grounds, 22 clocks have been replaced. On court, digital clocks inform



Changing times at Wimbledon.



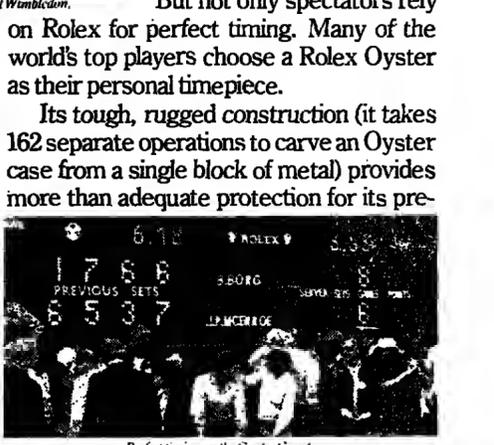
The Australian master, Rod Laver.

spectators of both the time and the duration of the match. The entire system is controlled to an extreme degree of accuracy by radio signals transmitted from Geneva.

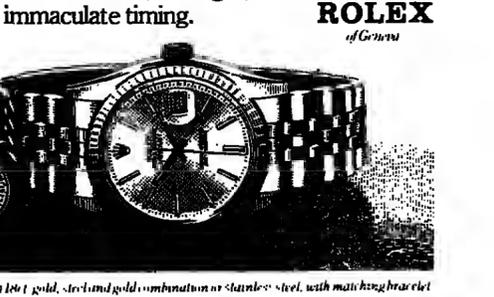
But not only spectators rely on Rolex for perfect timing. Many of the world's top players choose a Rolex Oyster as their personal timepiece.

Its tough, rugged construction (it takes 162 separate operations to carve an Oyster case from a single block of metal) provides more than adequate protection for its precision movement against the power and controlled violence of the modern game.

One thing about Wimbledon, however, will never change. The winner on the day will be the player with the determination, strength, and immaculate timing.



Perfect timing on the Centre Court.



The Rolex Oyster Chronometer. In 180 gold, steel and gold combination or stainless steel, with matching bracelet.



A new game of Lawn Tennis from the 1870s.

Atlantic Common Sense

Now the despairing cry for a U.S. Soviet policy can be heard even inside the Reagan administration. The president's own officials complain that they cannot drive the anti-Communist bus if friendly passengers aren't told its destination.

Not just the fainthearted, in other words, want a plan for arms negotiations and a concept of coexistence. But Reagan still resists. "Basically," he said the other day, "good foreign policy is the use of good common sense in dealing with friends and potential adversaries. We know where we're going and think it might be counterproductive to make a speech about it."

Translation: I don't need speeches to prove I understand diplomacy. I'm building up America's economy and military, and shopping for partners all around the Soviet Union. Let the Russians sweat. When we finally begin discussing arms control and trade, I'll know what I want and be in a stronger position to get it.

Yet the very next day a senior State Department official offered the obvious demerol: We know where we're going, but the allies do not, or at least cannot persuade their people that we do. So "we have a problem of some proportions" and need to be "more articulate" in explaining our course toward the Soviet Union.

Translation: Europeans are frightened by a president whose words and preoccupation with weapons point only toward East-West confrontations. They, too, have priorities, which make them resist pressure for military buildups and nuclear weapons from an America that seems uninterested in arms control. If the United States doesn't demonstrate some purpose and finesse, they will set off on their own paths to Moscow.

If Secretary Haig will not be allowed to define America's direction, the more imperative that Reagan take on the task.

Keeping the Kremlin guessing about

American intentions is dangerous. It enlarges the risk that the Soviet leaders will miscalculate the odds on SALT as they design new weapons, or misread Western reactions to their conduct in Poland. And if they guess wrong about U.S. motives, the United States in turn will surely misread theirs. In nuclear chess, all the pieces had best be visible.

Sweating the Russians might be fun if it didn't make the rest of the world perspire, too. The West Europeans have shouted for months that politically they cannot accept new nuclear weapons if their people can see no end to the arms race. The less developed nations cannot forever resist the spread of nuclear weapons if the nuclear powers make no progress in reducing their own arsenals.

Moreover, other nations have higher priorities than containing Soviet power. They will work with America only to the extent that it works with them. Anti-Soviet coalitions in the Middle East will not survive a deadlock in Arab-Israeli diplomacy. Arms sales to Pakistan and China will achieve little if they create new openings for Moscow in India. The idea that Communism is a greater threat than racism or feudalism is not self-evident to Africans or Central Americans.

No amount of military or economic power will impress allies, or adversaries, unless they believe that it will be used to address their insecurities as well as America's. The Russians need to know the price of future trade with the West and the kind of arms control Reagan envisions. The allies need to know his plan for preserving a stable Europe. The poor nations need to know what America offers that Moscow doesn't.

To boast of common sense is not to define a common purpose. Mistrust of the Soviet Union creates no basis even for an adversary relationship. Reagan does need more than a speech. He needs a sturdy web of policy.

THE NEW YORK TIMES.

Washington Nonsense

It may be the most preposterous news of the century: "A Senate subcommittee Thursday decided, by a 3-to-2 party-line vote, that human life begins at conception..." Well, we thought, thank God the five of them finally made up their minds. What greater authorities could one ask for on this matter, after all, than the members of the subcommittee on the separation of powers of the U.S. Senate? And what more appropriate way to decide such an issue than by an up-or-down vote of five politicians? As the fellow said, only in America.

It did occur to us that there is a certain contradiction in the position of those who have been advocating such a finding by the U.S. Congress. For in those few hours of the day when they are not seeking to guarantee that the human fetus will enjoy all the legal rights of a human being, they are seeking to guarantee that human beings will enjoy as few rights as possible. This lobby is not exactly what you would call a great civil, human or legal rights crowd. They may be terrific on getting you born, but once you're born it seems as though the first thing they want to do is unplug your television and lift your passport.

The legislative vehicle of this theological finding is something that has been nicknamed the human life bill. It is the handiwork of Sen. John East of North Carolina, who was voted by the Lord (we decided this by a 4-to-3 vote) to make Sen. Jesse Helms look liberal. His bill is intended to circumvent the Supreme Court's 1973 finding that a variety of anti-abortion laws then existing were not constitutional. It is terrible legislation, and even some of those who favor a constitutional amendment banning abortion think so. What is good about it is that it serves as an illustration of how absolutely out of line — how far beyond their competence, expertise and authority — America's secular politi-

cians are getting in their efforts to make law on this question.

That brings us to what may have been the second silliest argument of the week: that concerning the abortion credentials (we can think of no other way to put it) of Sandra Day O'Connor to serve on the Supreme Court. Consistency does not seem to be an excessive burden on those fighting her on these grounds. First it is argued that what is wanted in a Supreme Court justice is, above all, a penchant for merely interpreting and applying the law, as distinct from making it; in the next breath it is earnestly argued that Mrs. O'Connor should be made to commit herself to a policy position on abortion. This last, of course, has everything to do with making law and much less to do with application or interpretation or the rest of that modest mandate that goes by the name of strict constructionism.

We cannot say that the anti-abortion forces, commenting on this, have been a lot more helpful. The whole argument is askew, about the wrong thing — too much on political result, not enough on how and why that result was reached. It avails little insight into the woman's qualifications, thinking or prospective temper as a jurist. Her so-called "pro-abortion" choices in the past may well have represented a very conservative reading of the law and of the permissible reach of politicians. Tell us whether that's liberal or conservative, pro- or anti-abortion, good or bad for human life.

We think Mr. Reagan has probably got himself a conservative jurist. Maybe it's time for some redefinitions. Will someone please explain how this currently noisy, politically weird and truly far-out group of people pressing for ever more involvement by an all-powerful state in American citizens' private lives and private choices got to be called "conservative" in the first place?

THE WASHINGTON POST.

International Opinion

Social Policy and the Riots

Faults in policing are not the root cause of violence, though they may sometimes be the trigger. Britain's inner cities are now slipping into the crisis America suffered in the sixties. We have been expecting it for years, and now it has come. It may be weaker, more spasmodic, different, but it is not to be neglected. Specifically, it is not a time for central government to be starving inner cities of funds in favor of the shire counties.

— From The Observer (London).

Faced with the worst social crisis this country has suffered since World War II, the

government does not know what to do. This is not surprising. Just as there is no simple diagnosis of the causes of the riots, sub-riots, looting and destruction that have swept several cities, there are no simple solutions. The government feels it must do something. The danger is that, in the urge for decisive action of any kind, it will do the wrong thing.

It would be a good thing if Mrs. Thatcher could demonstrate a little compassionate social insight. The great risk to farsighted statesmanship is posed by doing to Liverpool, Manchester and Brixton what was done for a generation to Northern Ireland: pretending that it is only "their" problem out there, not ours, all of ours, here and now.

— From The Sunday Times (London).

In the International Edition

Seventy-Five Years Ago

July 13, 1906

CARLSBAD, Germany — Prince Alexis Orloff, who arrived here a few days ago to take the cure, received a telegram from Russia last night informing him that the famous Orloff stud of horses has been completely burnt and destroyed and his estate ruined by the peasants. In St. Petersburg the forthcoming visit of the British fleet is calling forth some opposition on the part of a section of the press, which affects to see in the event an attempt to give moral support to the government in its fight with the Duma. The more intelligent class of Russians, however, welcome the signs of an era of better feeling between England and their own country.

Fifty Years Ago

July 13, 1931

PARIS — With the specter of bankruptcy hovering dangerously close to the front door of the Reichsbank, attention of world capitals yesterday was focused on the German situation and its possible implications on the war-debt moratorium. In Berlin the cabinet was in session all day, considering a drastic decree to cut off all credits and stop expatriation of capital. In France Premier Laval cut short his vacation to hurry to Paris, where he conferred with the German ambassador. The Darmstädter und Nationalbank, one of the biggest banks, is closing its doors this morning. An emergency decree by President von Hindenburg is to guarantee all deposits.



Foreign Policy: A Welcome Start

By William Pfaff

PARIS — There now is an American foreign policy. At least, there is an American policy toward the Soviet Union. It is a very little policy, only a beginning. It may not even be a sincere policy. But it is a relief after the void which existed before.

Secretary of State Alexander Haig is said to have informed Soviet Ambassador Anatoli Dobrynin that Washington would consider the Soviet Union's "response to international proposals for resolving the Afghanistan and Cambodian problems" as a test of future relations. It is said that a constructive response would significantly improve relations between Washington and Moscow.

For six months, the Reagan administration has offered verbal abuse of the Soviet government while indefinitely deferring negotiations and providing no comment on what Moscow might do to change things for the better, other than to cease to be a Leninist and profess revolutionary power. Critics of the administration even now suggest that the new U.S. stance is meant merely to justify further delay in arms negotiations.

Yet it seems not to have been grasped in Washington how destructive the effects of its refusal to talk to Moscow have begun to be upon the alliance.

The new men of this administration had correctly understood when they took office that a show of firmness was necessary. The Soviet Union had to be given a demonstration that the new administration condemned what Moscow has done in Afghanistan and Africa, and that it would oppose what Washington assumed (correctly or not) that the Russians would like to do in the Gulf.

So they started out by "sending signals," as the strategists put it, of resolution and disapproval. But the signals produced affect without content; they expressed hostility without intelligibly communicating what could be done to resolve it. As a result, they eventually had the opposite effect of that intended. They drove the Soviet government

toward intransigence. What else was possible if the United States was unwilling to make constructive proposals or negotiate on the issues of its hostility?

And the signals seriously disturbed the West Europeans, turning what had been a minor pacifist and neutralist current in West German socialism into a serious political phenomenon. Chancellor Helmut Schmidt's government is in trouble today, and a major reason is that for six months now the United States has seemed to many Germans to be aggressive and uncompromising, unwilling to negotiate its disputes and bent on exporting to German territory its nuclear confrontation with Russia. That is how the NATO theater nuclear missile force has been interpreted on the West German left, and in pacifist and Protestant church circles.

Time for a Change

Now the United States has lent support to the European Community's initiative on Afghanistan. Lord Carrington's plan for an international conference on Afghanistan naturally is distasteful to the Soviet authorities, who call it "not realistic." They are wrong. Its realism lies in the fact that the present deterioration in East-West relations was determined by the Soviet invasion of Afghanistan. It is logical that it be ended by a Soviet decision to accept a political solution to the war in that country. It is in their interest to do so as well, since a military solution, it now is apparent, lies a very long way down a very dark tunnel.

The Soviet authorities would prefer to talk about nuclear missiles in Europe, as they recently have reminded former West German Chancellor Willy Brandt. This is indeed a proper subject for East-West negotiations, but Moscow is mistaken to think that it can talk on this matter while refusing any concession on the matters which preoccupy the Western states.

It probably is also mistaken to think that political pressures within Western Europe, such as those in West Germany today, can give them an eventual halt to the U.S. missile deployment without their paying a price for it. The pressures will not do so if the United States remains on reasonable terms with its allies; and theater missiles, in any case, do not absolutely have to be deployed on land.

Washington's new stand has another significance. A quiet struggle has been taking place in the administration between those who think the Soviet Union is an outlaw force in the world, responsible for turmoil on four continents, which must be isolated or even defeated if there is to be peace, and those other officials who look upon the Soviet Union as a "normal" power, albeit a difficult one, with whom negotiations and agreements are possible and necessary.

The newly announced criteria for constructive change in Soviet-American relations are hard ones, but they presume negotiability, "normality," a legitimate and negotiable security interest on the Soviet side. Their disclosure suggests that in Washington the conservatives and realists are winning their struggle with the ideologues.

It would be foolish to say that they have already won. It is a fact that the Soviet Union's response to this new initiative will have an important effect upon what in the end happens in Washington.

It could properly be considered in the Kremlin whether the Soviet Union really has a constructive alternative to talks on Afghanistan and Cambodia, which so agitate the international community — and on European missiles.

All are difficult subjects, but Lord Carrington and the West European governments are available as interlocutors, and the outcome promises to make the Soviet Union more secure, not less. Moscow and Washington have been on an increasingly dangerous course; the time has arrived for both to call a halt.

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A Veteran's Fiction In Honor of Honor

By R. James Woolsey

The writer, formerly undersecretary of the Navy, is a lawyer in Washington and contributing editor to the Armed Forces Journal.

WASHINGTON — A new novel, "A Sense of Honor," uses an incident of hazing at the U.S. Naval Academy as a prism to break apart one's comfortably monochromatic view of the 1960s into different-hued, overlapping, strangely focused components.

As a novelist and as a man, James Webb is not your passive aesthete without a point of view. He recently told the Veterans Administration, which was courting him to head the Veterans Administration, that his terms were independence and direct access to the president to argue the case for his fellow Vietnam veterans. (As a Marine officer in the war, Webb was highly decorated and often wounded.) The administration allowed as how it preferred a team player. Webb is a player, all right, but his sport at the Naval Academy was boxing. His novel deals a series of stiff jabs to much of the military establishment and a haymaker to the 1960s-vintage self-image of many citizens.

A Believable Mode of Leadership

At one level, the novel is about how a modern samurai, Fogarty, a midshipman about to graduate and become a Marine officer, becomes ensnared by a civilian professor and lawyer as he tries to save a brilliant but very non-military plebe from dropping out.

Fogarty is about as far as you can get from a management-oriented military bureaucrat steeped in the lore of systems analysis. Fogarty's goals of leadership are a combination of old-fashioned physical hazing and a program of instilling self-respect in the plebe, Dean, by getting Dean to join him in pushing himself beyond what is asked of others — for example, sprinting in the dim prodawn light along the treacherous wet rocks of the academy's sea wall. The physical demands that Fogarty forces Dean to undertake with him ring far truer, as the essence of leadership, than those things that are done to Dean. It is part of Webb's skill that he makes skeptical civilians understand how, for these two very believable characters, this mode of leadership could work.

Not Mainly About Hazing at All

It is clearly Webb's conviction that such physical testing is essential to mold the modern military man — and this view has drawn fire from civilians and from many academy graduates as well. That conviction is a reasonable target, even in a debate among heroes. A Medal of Honor winner and former prisoner of war, retired Vice Admiral James Stockdale, resigned recently after a year of heading The Citadel in South Carolina, in part because he felt hazing was interfering with the institution's development academically and as an all-around military training ground.

You needn't agree on this point with boxer Webb, Marine Webb, victor in hand-to-hand combat with North Vietnamese Webb, to appreciate what novelist Webb has done — any more than you have to be a Marxist or a pacifist to be moved by Bertolt Brecht's great anti-war drama, "Mother Courage." For at a level much deeper than the adulteries and other diversions that swirl through the book, and also well below the level of Fogarty's arguable method of bringing a plebe along the road to manhood and leadership, Webb is saying something — skillfully and perceptively — about what has happened to America's sense of honor during the last 15 years. This book is no more just about hazing than "Moby Dick" is just about whaling.

Honor Carries a Heavy Handicap

Webb is saying that during those 15 years, a part — by no means all — of the American military establishment has been the keeper and preserver of some essential values for society: sacrifice, service and duty, among others. (The Naval Academy is a good metaphor for this; it is impossible to walk through it without realizing that it is not merely a school for officers but the Navy's seminary and shrine as well.) In the inevitable conflict between these values of honor and the uncaring, intolerant civilian world run by lawyers and such (Webb happens to be a lawyer, too), honor carries a heavy handicap. How the conflict was played out in the '60s is the core of a book that ends with an elegant gesture.

In many other societies, even in a modern Western democracy such as France, this timeless mismatch of values between the few who serve and sacrifice, and the many who grumpily allow themselves to be served and sacrificed for, has had pathological results. In the aftermath of France's withdrawal from Algeria, an event comparable to the U.S. withdrawal from Vietnam, much of the French military retreated into itself, and its bitterness festered into conspiracy and near-revolution. In the United States, this conflict in values produces, instead, fine novels such as Webb's.

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Immigration:

Richard D. Lamm, Democratic governor of Colorado, wrote this comment for The New York Times.

DENVER — Abraham Lincoln put it well: "As our case is new, so we must think and act anew. We must disenthrall ourselves." Few issues facing the United States are as important as the question of immigration, and on no other issue are Americans so blinded by past myths.

As children and grandchildren of immigrants, we have made immigration such a part of our mythology and folklore that it is immensely difficult to come to grips with the new realities. But history plays strange tricks on civilizations: Yesterday's solutions become today's problems.

Once the United States needed immigrants to people an empty continent. The myth lingers on, but those days are gone, never to return. Frontier America is gone, replaced by an America of 7.6-percent unemployment, with appallingly high unemployment among youth who are minority-group members. Increasingly scarce resources, severe economic problems and the U.S. social fabric demand a rational immigration policy.

Immigration is already at the highest level in U.S. history: 808,000 legal immigrants in 1980, including the special status given to Cubans and Haitians. That is twice the number of immigrants accepted by all the rest of the world.

In addition to these legal immigrants, illegal immigration is at a high, non-quantifiable level. We do know that we had more than 1 million apprehensions of illegal immigrants in the last few years — 10 times the level in the early 1960s. It is not usually recognized, but most immigrants came not in 1911 or 1923 but in 1980. Legal and illegal immigration accounts for half the U.S. population growth rate and a rising percentage of crime.

Whatever the pressures now, they will soon grow dramatically worse. The population of Mexico has nearly tripled since 1945 and is expected to double in the next 20 years. Mexico has a labor force of 19 million people, half of them unemployed or seriously underemployed. Considering the great discrepancy in per capita income, the northward pull is tremendous.

We have to get our hearts in line with our heads and our myths in line with reality. We know we cannot accept all the people who want to come to the United States. We know our immigration policy has to be designed in the U.S. interest.

We hate to say no to that worthy individual from the poverty-stricken country who just wants to do a little better. It seems selfish to set limits. The lady in the harbor would not understand. I believe, though, that dramatic reform is necessary and inevitable, and that the sooner we recognize this, the better off we will be.

Every year the United States imports a new poverty class. America owes its first duty to its own disadvantaged, unemployed and poor to maintain the strength of the United States. We can only meet our commitments by placing realistic limits on immigration.

The lady in the harbor symbolizes liberty, not immigration. It is time that we disenthrall ourselves.

INTERNATIONAL Herald Tribune

John Hay Whitney
Chairman
Katherine Graham Arthur Ochs Sulzberger
Co-Chairmen

1980

Letters

Iran After Bani-Sadr

The initiation of the so-called "Third Revolution" in Iran is indicative of the inevitable change that has yet to occur in that troubled country. The demise of Bani-Sadr, within the present ruling structure, is not really a matter of great surprise, for the Iranian people were at no time under any delusion regarding his ascent to a position of high office. The force — Khomeini — who made him had the power also of breaking him, as has been demonstrated. A somewhat different image of Bani-Sadr in the West is due to the ill-fated attempt on the part of Western media, back when they were vainly seeking a resolution of the hostage crisis, to build him up into something that he clearly was not.

Today, pressures postponed by the hostage crisis and the Gulf war have finally forced themselves to the forefront of Iranian politics. With the radical clergy as the only remaining segment of the large coalition that toppled the shah in 1979, the prospects of salvaging Iran from the hands of destructively incompetent individuals have never looked more realistic. What is required is a coalition consisting of a secular political leadership such as Dr. Bakhtiari's National Resistance Movement, allied with moderate clergy and supported by the armed forces.

Time, although most important, is not a limiting factor, as this coalition representing a majority of Iranians must prepare itself for the coming battle that will determine the future free existence of Iran's people, as well as the survival of its distinct culture and heritage.

MORAD KHAJAVY

London

Fourth of July Music

It was with a great deal of chagrin that I attended the annual Fourth of July celebration in Geneva sponsored by the American International Club and found that one of the featured attractions was the Orange Free State Wind Ensemble of South Africa.

Rather than have those representatives of a racist regime appear under the banner of the United States, which flew high over the festivities, along with the Swiss cross, it would have been far better for the image of my country if the organizers of "the largest American Independence Day celebration outside the United States" had left the stage bare.

GEORGE L. GARRIGUES

Detroit

Crime Against Humanity

In his article on pacifism in West Germany (Herald Tribune, June 23), John Dornberg writes: "Then there are the Christians, both Protestant and Catholic, who take the Fifth Commandment and the Sermon on the Mount literally."

How else, I ask as a Buddhist, are they to take them? If in the past Christians had really practiced their



religion, and if today the so-called Christian countries of the world really followed the teaching of Christ, the balance of terror, which is in reality the balance of ultimate terrorism, would never have come about. The use or threatened use of nuclear and other weapons of mass murder must be outlawed as a crime against humanity.

NARA GREENWAY

Rome

Anti-American Germans

Re the article (Herald Tribune, July 6) on anti-Americanism in West Germany, I would like to stress that it is not public opinion but just certain quarters that are anti-American in this country. The large majority of Germans are still well able to distinguish between friends and enemies.

That special sort of Yankee-phobia you refer to is a temporary phenomenon destined to pass by, like bad weather and flu epidemics. It is caused by frustrated intellectuals who tend to forget that it is not American but Soviet missiles that aim at their playgrounds, and that it is the Americans who guarantee the exercising of all kinds of political foolishness in West Germany.

ERICH WIEDEMANN

Jesteburg, West Germany

Anti-Abortion People

An article by Charles Peters ("On Knee-Jerk Responses," Herald Tribune, May 30-31) contained the following passage: "The anti-abortion people refuse to acknowledge the occasions when having a baby would be disastrous for a mother or her family — or the toughest fact of all, the fact that is suffered by children who are truly unwanted."

These statements are false. There are plenty of anti-abortion people who perceive the problems involved if certain children are brought to birth and born. And they are trying to do something about these problems. Some of them are dedicating their lives to the endeavor.

I suggest that the writer do some investigation into the matter. He could check on the organization "S.O.S. Mothers-to-be" or contact "Life," 35 Kentworth Road, Lexington, SpA, England. There are other sources he could contact but these are enough to get him started if he is interested in the truth.

JAMES SWENAM

Rome

Mexico Ends Loan Dispute With Banks

By Carl Gewirtz
International Herald Tribune
PARIS — Ending a dispute that had held up completion of almost \$2 billion in new loans, Mexico and its major bank lenders have settled on new working in their credit agreements, working which could become standard in other Euro-market transactions.

SYNDICATED LOANS

box) or the prime rate of U.S. banks as the base on which to set the interest rate. The standard practice allowed lenders to drop the prime rate and substitute the rate on 90-day certificates of deposit if that rate exceeded the prime.

"Unlike the London interbank rate, which is a market rate set by supply and demand and is generally regarded as representing the true cost of funds, the prime is an administered rate, which does not rise and fall in direct relation to changes in the banks' underlying cost of money. And, unlike Libor, the prime already has included an element of profit for the lender."

Mexico, the largest single borrower in the Euro-market so far this year, is relying increasingly on the prime option in an effort to appeal to a broadening group of lenders. The regional U.S. banks have largely abandoned the Euro-market because of the narrow margins offered over Libor, but do participate in loans pegged to the prime rate.

Mexico's Objection
But Mexico objected to having no control over the cost of its loan through the lenders' ability to automatically switch to the CD-based pricing. In addition, the CD rate is only one of many measures of a bank's cost of money.

VW's Immigrant Status Adds to Problems in U.S.

By Lydia Chavez
New York Times Service
WESTMORELAND, Pa. — The rhythm of the assembly line is hypnotic. Young men and women fasten on accessories in measured steps while the freshly painted frames of Rabbits bob down the line to a meeting with their West German-made engines.



The high hopes at Volkswagen have dimmed since the 100,000th Rabbit was built at the U.S. plant two years ago.

Difficulties Foreseen
"We are not doing as well as we would like to do," said Richard L. Mugg, vice president of sales and marketing for Volkswagen of America, a subsidiary of West Germany's Volkswagenwerk. "We would not have closed the Westmoreland plant if everything was rosy."

While Volkswagen's U.S. unit earned \$10 million in 1979, it lost \$30 million in 1980, and most analysts believe it will have difficulty turning a profit this year.

Although some of the problems are like those plaguing other auto manufacturers, Volkswagen has a few special problems arising from its immigrant status.

When the company decided in the late 1970s to build the Westmoreland plant at a cost of \$400 million, the Deutsche mark was quite strong as compared to the dollar. What could be built in West Germany could be built in the United States at less cost.

relatively small orders, according to Roy H. Langenbach, the Westmoreland plant manager.

Its reliance on outside manufacturers has been reduced to some extent by the addition of a stamping plant and an air-conditioner and heating plant.

"When you have to buy so much of your products, your profit margin is naturally going to be smaller," said LeRoy H. Lindgren, vice president of Rath & Strong, a consulting concern in Lexington, Mass.

Despite Volkswagen's problems, the company seems determined to proceed with a second plant at Sterling Heights, Mich. It is to open next year at a cost of \$300 million. Production will gradually increase to 185,000 cars a year by mid-1983.

Of the 293,595 cars and trucks Volkswagen sold in the United States last year, two-thirds were assembled at Westmoreland.

Mr. Mugg says his company should be able to sell the output of both plants — a combined capacity of 410,000 a year — plus 100,000 imported cars by 1984.

New Forecast by White House Sees Stagnant 1981 Economy

By Caroline Atkinson
Washington Post Service
WASHINGTON — The Reagan administration's latest economic forecast, to be officially released this week, predicts a virtually stagnant U.S. economy for the rest of this year.

Unemployment is expected to rise to 7.7 percent by the fourth quarter from its present 7.3 percent. Interest rates should begin to fall and a continued slowdown in inflation is expected, sources said.

But the latest numbers showed that the administration is sticking by its original optimistic view of the economy beginning with 1982.

Commerce Secretary Malcolm Baldrige predicted, in an interview with The New York Times, "a rougher third and even fourth quarter than most people are looking for."

Mr. Baldrige blamed this year's troubles on what he called "overstimulation" of the economy during the 1980 election campaign. He said there was no doubt in his mind that the overstimulation in both fiscal and monetary policy was "politically inspired" by the Carter administration.

The Reagan administration's forecasts of a growing economy coupled with declining inflation have been seen as unduly rosy by many outside economists, whose skepticism has been reflected in the financial markets, where interest rates have remained stubbornly high.

According to the Reagan figures, unemployment will decline steadily from 7.6 percent in the first three months of 1982 to 7 percent by year's end, sources said. Many private economists are less optimistic, believing that the Federal Reserve Board's tight money policies will keep the economy from growing very rapidly and unemployment from coming down.

Real growth is supposed to average 3.4 percent next year, down slightly from the original 4.2-percent estimate.

Administration officials say that Mr. Reagan's tax and spending cuts together will bring down interest rates and inflation while leaving room for economic growth.

Interest rates have remained high so far this year and the new forecast reflects this. Three-month Treasury bill rates are expected to average just over 13.5 percent for 1981, rather than the 11.1-percent rate predicted in February.

However, officials believe that rates will begin to fall very soon from their present level — almost 15 percent — and will slide quarter by quarter during 1982 to 9 percent by the end of the year.

The higher interest rates will push up federal spending this year and next, but because of a delayed tax bill the budget deficit numbers for 1981 and 1982 are not expected to be changed very much, sources said. This year's budget gap is expected to be higher than the \$51 billion to \$52 billion predicted recently by Treasury Secretary Donald T. Regan.

Another factor putting pressure on the deficit is that tax revenues have been less than expected so far this year.

One of the parts of the forecast that is most likely to be challenged by outside economists shows interest rates falling steadily throughout next year and thereafter, to as low as 5 percent in 1987. By then the annual inflation rate, as measured by the consumer price index, is forecast to be only 3.9 percent; real growth is also expected to be 3.9 percent and unemployment 5.3 percent of the labor force, sources said.

Such a combination of high growth and slowing price rises during the 1980s would make a balanced budget much easier to achieve. The Congressional Budget Office disagreed with the administration's earlier predictions of a balanced budget by 1984, largely because of very different economic assumptions.

The Reagan scenario shows the economy's growth rate peaking at 5 percent in 1983.

Rate, Policy Uncertainties Becalms Market

By Carl Gewirtz
International Herald Tribune
PARIS — Continuing high short-term interest rates and fatigue from waiting for the ever hoped-for relaxation of U.S. monetary policy just about shattered the Euro-bond market last week. And the outlook for this week is equally uncertain.

Late Friday, the New York Federal Reserve reported that the U.S. money supply declined — M1-A down \$500 million and M1-B off \$1.3 billion — in the week ended last Wednesday. This was especially good news, as many analysts had been anticipating an increase. The immediate impact was to push interest rates lower as prices of bills, notes and bonds rose in late New York trading.

The recent moderation in the consumer price index "did not appear to reflect as yet any clear relaxation of underlying inflation," the minutes added.

In light of this report, analysts took another look at the large rise in bank commercial and industrial loans of \$3.66 billion in the week in Wednesday as well as the \$5.5-billion loan being organized for Texaco, the \$3 billion for both Du Pont and Conoco and the \$2.5 billion for Pennzoil and began to worry how the Fed would react to these figures.

The fact that the cost of overnight money in New York on Friday had ranged from 18 to 19 1/2 percent before closing at 19 percent was taken as a hopeful sign that the Fed was not too worried. However, analysts fretted that the Fed's willingness to supply funds on Friday may have had more to do with the transfer to Iran of \$2 billion of previously frozen funds than as a signal of the Fed's attitude to the market.

EUROBONDS

June growth for M1-B to 3 percent from the previous 5 1/2 percent and for M-2 to 6 percent from 10 1/2 percent. At the same time, it hiked the target range for the cost of federal funds to 16-to-22 percent from 13-to-18 percent.

Continued Risk Seen
"Indications of continuing strength in economic activity combined with the recent exceptional rise in the income velocity of money posed the risk of pressure for excessive expansion in money and credit," the minutes said.

The utility's first mortgage bonds in the United States have been rated A by Moody's and A- by Standard & Poor's. The issue is unsecured and therefore would carry a lower rating.

No pricing has been indicated (Continued on Page 9, Col. 5)

CURRENCY RATES

Interbank exchange rates for July 10 1981, excluding bank service charges.

	\$	£	D.M.	F.F.	IL.	CHF.	S.F.	S.P.	D.K.
Amsterdam	2.271	5.143	11.20*	48.53*	2.227	14.719	—	19.195	5.22
Brussels (a)	36.995	75.84	16.270*	6.834	2.282*	89.778	6.104*	117.20*	31.88*
Frankfurt	2.4365	4.626	—	41.70*	2.282*	—	—	—	—
London (b)	1.2942	—	—	4.025	11.613	2.2048	5.175	76.79	14.612
Milan	1,118.20	2,365.50	498.24	208.25	—	447.72	26.423	282.92	158.90
New York	—	1.00	0.0077	0.1718	0.08*	0.3485	0.2573	0.4819	0.1787
Paris	5.855	11.802	239.23*	—	4.115*	214.80*	74.65*	281.58*	78.41*
Zurich	2.2825	2.940	83.207*	35.10*	—	0.1711*	—	5.2119*	—
ECU	1.8029	0.5454	2.222	0.2038	1.2558*	2.2607	41.3279	2.1499	7.9083

	\$	£	Per U.S.	\$	£	Per U.S.
Swiss	1.144	0.8034	11.20*	1.196	0.8436	11.20*
Australian	0.8922	0.6229	17.18	0.9844	0.7024	228.275
Austrian schilling	0.2297	0.1625	3.538	0.2492	0.1807	6.2829
Belgian franc	0.202	0.1452	4.062	0.2145	0.1557	4.445
Canadian	0.1203	0.0873	1.637	0.1287	0.0934	1.6075
Danish krone	0.221	0.158	4.524	0.2387	0.1734	4.809
Finland mark	0.0148	0.0107	59.13	0.0155	0.0112	64.645
French franc	0.177	0.128	5.655	0.1931	0.1407	3.4115
Irish £	1.494	1.086	—	1.672	1.234	—

(a) Commercial franc. (b) Amounts needed to buy one pound. (*) Units of 100, (a) Units of 1,000.

This announcement appears as a matter of record only.

RED NACIONAL DE LOS FERROCARRILES ESPAÑOLES

US \$ 100,000,000
Guaranteed Floating Rate Notes due 1989
Unconditionally guaranteed by
The Kingdom of Spain

Mitsui Finance Europe Limited
Kredietbank International Group
Société Générale

Banco de Bilbao S.A. Bank Brussel Lambert N.V.
Banque Générale du Luxembourg S.A. County Bank Limited Crédit Agricole
Crédit Lyonnais Daiwa Bank (Capital Management) Ltd. Daiwa Europe Limited
Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.)
Mitsubishi Bank (Europe) S.A. Mitsui Trust Bank (Europe) S.A.
Morgan Grenfell & Co. Limited MTBC & Schroder Bank s.a.
Nippon European Bank S.A. Sanwa Bank (Underwriters) Limited Svenska Handelsbanken

June 1981

Thomas Cook.

Europe's No.1 issuer of Travellers Cheques

Thomas Cook Travellers Cheques have grown by nearly 400% since 1975, an increase which has doubled our market share. Here are some of the reasons why.

	Thomas Cook	Citicorp	Bank of America	Visa	American Express
Longest Experience	✓				
Worldwide Acceptance	✓	✓	✓	✓	✓
Extensive 24 Hour Refund Service	✓	✓			✓
Worldwide Presence	✓				✓
Widest Currency Range	✓				
World's Largest Travel Organisation	✓				

Thomas Cook No.1 for Experience.
Thomas Cook pioneered travel money over 100 years ago, long before any of our competitors.

Thomas Cook No.1 for Acceptance.
Today, Thomas Cook Travellers Cheques are welcomed in millions of establishments around the world. Few other travellers cheques are.

Thomas Cook No.1 for Refund Service.
If your travellers cheques are lost or stolen, Thomas Cook offer you immediate help. Free of charge. 24 hours a day 365 days a year. Through our Anytime-Line telephone service in USA and Canada, UK and Europe. And worldwide refund assistance through Hertz, Thomas Cook and Wagons-Lis offices.

Thomas Cook No.1 for Worldwide Presence.
Thomas Cook provide advice and assistance on your travel problems through more than 1,000 travel offices in 145 countries. No other travellers cheque issuer provides such a wide service.

Thomas Cook No.1 for Currency Choice.
Thomas Cook offer Travellers Cheques in 9 currencies, more than any of our competitors. Including the US Dollar, £ Sterling, French Francs and other major currencies covering the world. It's a long list, but then Thomas Cook are the largest travel organisation in the world.

Thomas Cook. The accepted name for money. Worldwide.

Europe's No.1 issuer of Travellers Cheques.

International Bond Prices - Week of July 9

Provided by White Weld Securities, London; a Division of Financiere Credit Suisse - First Boston

RECENT ISSUES

Table of recent bond issues with columns for Amt, Security, % Mat, Mkt Price, Yield, and Life Corr.

STRAIGHT BONDS All Currencies Except DM

Large table of straight bonds in various currencies, including columns for Amt, Security, % Mat, Mkt Price, Yield, and Life Corr.

Table of bond prices and yields, including columns for Amt, Security, % Mat, Mkt Price, Yield, and Life Corr.

HIGHEST YIELDS to Average Life Below 5 Years

Table listing high-yield bonds with average life below 5 years.

HIGHEST YIELDS to Average Life Above 5 Years

Table listing high-yield bonds with average life above 5 years.

HIGHEST CURRENT YIELDS

Table listing bonds with the highest current yields.

Table of bond prices and yields, including columns for Amt, Security, % Mat, Mkt Price, Yield, and Life Corr.

HIGHEST YIELDS to Average Life Below 5 Years

Table listing high-yield bonds with average life below 5 years.

HIGHEST YIELDS to Average Life Above 5 Years

Table listing high-yield bonds with average life above 5 years.

HIGHEST CURRENT YIELDS

Table listing bonds with the highest current yields.

WestLB advertisement for Eurobonds, DM Bonds, and Schuldscheine, including contact information for Düsseldorf, London, and Luxembourg.



Large Mergers Enjoying a New Currency While Taking Over the Corporate Spotlight

By James L. Rowe Jr. and Merrill Brown
Washington Post Service

NEW YORK — The day of the big corporate merger has returned. After something of a lull in 1980, the multi-billion-dollar acquisition is back in the news. Last Monday Du Pont, the largest U.S. chemical company, announced what will be, if approved, the largest merger in history in its plan to spend \$7.3 billion in cash and stock to buy Conoco, the ninth-largest U.S. oil company. The value of the merger, however, rises and falls with the change in the stock price.

[Conoco said Friday that it has boosted its line of credit to \$3 billion, a stockpiling of cash that immediately aroused speculation that it

may have fears that its merger with Du Pont is in trouble. The Associated Press reported.

[Some analysts believe that Conoco might be raising a defense fund in case it has to fight off an unwanted suitor, while the company said the line of credit — from domestic and foreign banks — was arranged "for general corporate purposes."

"It sounds to me like too much for general corporate purposes," Constantine Flakos, an analyst for Merrill Lynch, Pierce, Fenner & Smith, told The Associated Press. He speculated that Conoco might be considering bidding for its own shares if that becomes necessary in fight off a hostile bid.

[Conoco said its line of credit was arranged with a group of banks led by Bank of America,

Chase Manhattan and Morgan Guaranty Trust. It replaces a \$1-billion line arranged in May.]

Largest of Many

But the Conoco-Du Pont courtship — a "friendly" link-up — is merely the largest of a host of gigantic mergers and merger attempts in the past few months.

Standard Oil of California (SoCal) wanted to pay \$3.9 billion to buy AMAX, a deal that AMAX spurned, although Wall Street sources say SoCal may make another run at the firm.

Elf Aquitaine, the oil company 67-percent owned by the French government, has made a \$2.8-billion offer for Texasgulf, a leading sulfur producer that has endorsed the purchase.

Standard Oil of Ohio bought Kennecott, the big copper producer, for \$1.8 billion.

Nabisco and Standard Brands — the giant food packagers — engaged in a true merger, combining to become Nabisco Brands.

Seagram, the big Canadian distiller, has played a major role in two of the recent mergers, and one highly placed Standard Brands source said fear of a Seagram bid helped propel the Nabisco merger. Seagram made an unsuccessful \$2-billion bid for St. Joe Minerals, which St. Joe fended off by finding a white knight, Fluor Corp. Seagram's \$2.55-billion attempt to gain control of Conoco drove the oil company into the arms of Du Pont, which has long had a desire to find a secure source of petroleum for its petrochemical operations.

Two years ago, however, it is doubtful that corporations would have entertained the idea of a combination as big as Du Pont-Conoco. Let alone actually make the offer.

In those days a Democratic-controlled Congress appeared willing to put the clamps on big corporate combines, while the Carter administration, at least publicly, also looked askance at two big businesses merging. One bill supported by liberals would have limited all conglomerate mergers, while another would have blocked large purchases by oil concerns of nonpetroleum companies.

But Congress never passed the legislation, and now only the House remains in the hands of the Democrats and the antitrust attitude in the Reagan administration toward mergers is significantly looser.

But even the Federal Trade Commission, run by a Carter appointee, permitted Exxon, the giant oil company that is the world's largest industrial corporation, to spend more than \$1 billion two years ago to buy the giant electrical equipment producer, Reliance Electric.

Even if companies looked at what the Carter administration said rather than what it did, they must feel more comfortable with Mr. Reagan. Attorney General William French Smith said two weeks ago that bigness was not necessarily bad.

"You knew that the pendulum would swing because antitrust doesn't have a constituency supporting it," said a liberal former government antitrust official. "When in a period of economic crisis, you need a whipping boy. The (Continued on Page 11)

More U.S. Investors Buying Gold Even as Price Flirts With \$400

New York Times Service

NEW YORK — Investors in gold had their faith in the metal tested again last week as its price twice dipped briefly below \$400 a troy ounce, the level that investors currently consider a significant psychological barrier.

But those who bought gold — whether at the record \$375 in New York on Jan. 21, 1980, or at \$400 some 19 months ago, or at \$375 two weeks ago — remained steadfast in their belief that the metal represents a greater store of value than paper money or securities.

In fact, dealers, banks and brokerage houses that serve the retail trade in gold bullion coins and bars reported last week that, with prices at a 19-month low, buying volume has been rising in recent weeks.

Oddly, shares in gold mining companies on all exchanges, particularly those of South African producers, have also been rising, despite the fact that their yields have fallen dramatically in the past year and are now below U.S. Treasury bill yields, an unusual relationship for the gold stocks.

Nonsense

That does puzzle market experts. "It makes no sense today to buy South African gold shares," said Andre Sharon, senior vice president for international investments at Drexel Burnham Lambert. "The yields on South African shares, for example, now range from 10 to 14 percent, compared with 25 to 35 percent a year ago. With the current yield on Treasury bills running at 14 percent, why bother with the gold shares? Bullion coins and bars are far more attractive today."

But investors continue to seek the shares and in the past week or so, the prices have been rising, while yields are way down. The most popular South African gold shares are ASA Ltd., listed on the New York Stock Exchange. Friday, ASA closed at \$47 1/2, up over three points on the week 47, despite a yield of only about 11 percent. In the spring of 1980, by contrast, when gold slipped to \$300 and was on its way to a sustained gain, ASA shares were at the 40 mark.

Investing in bullion coins and small bars is attractive because the transactions in these items, a major factor in the so-called subterranean economy, are free from the scrutiny of the tax collector. Bullion coin dealers and banks do not have to report transactions of less than \$10,000 to the Treasury or Internal Revenue Service.

At the retail level, the interest in gold coins has accelerated in the last fortnight. "Our business has suddenly come to life after being in the doldrums since the usual Christmas purchases of Kruggerands and other bullion coins for gift-giving," said Nico

las L. Deak, president of the Deak Perera Group, the largest retailer of gold bullion coins. He also said there had been a busy selling of bullion coins in the last two weeks because people who had bought at higher prices wanted to establish a tax loss. Then, he expects them to turn right around and buy again.

Bottoming Out

The upsurge in buying, particularly of bullion coins, has been traced directly to the belief that a market bottom has been reached. One reason for this view is that the prices have sustained two downward assaults this past week alone, each time refusing to stay below \$400. According to commodity analysts, that means a trend reversal is in the works.

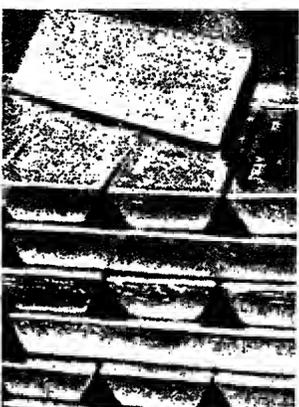
Frederick S. Bogart, senior vice president and chief of precious metals trading at the Republic National Bank, the largest gold dealer among banks, also reported an upturn in business. "I wouldn't term it spectacular, but business, both retail and wholesale, is better than we have seen since January, when many of our staff had nothing to do," he said. The increase in buying also applies, he said, to silver, which suddenly began to attract buyers when its price dropped below \$9 an ounce a few weeks ago.

Jacques Luben, Merrill Lynch's senior market specialist in precious metals, also reported a rise in small investor interest and in "paper gold," or warehouse receipts for bullion kept in domestic or foreign bank vaults. He said his company's business in bullion coins and paper gold picked up significantly after gold broke the \$450-an-ounce level two weeks ago, and that it has drawn new buyers into the market. Merrill Lynch's paper gold program, the Share Builder Gold Program, is similar to those at other big brokerage houses, banks and retail coin shop chains. They operate like money funds, except that the funds deposited are used to buy gold at the going price. Withdrawals are also based on the prevailing bullion price.

Business Picking Up

"What has been unusual during the recent fall in gold prices," he said, "is that we found a large number of first-time buyers — people who missed the last big advance and now want to get on the next one. As for the others, they are mostly people who ignore price moves. They are not gold bugs but basically investors in securities who put aside a fixed amount of money each month to buy bullion coins or our paper gold."

Mocatta Metals, the U.S. affiliate of the 300-year-old London brokerage house, is reportedly the biggest bullion dealer in gold and silver. It does not handle retail business,



Gold's luster has dimmed but has not disappeared despite the slump in prices.

but its trading room manager in New York, Ira O. Handler, said that "judging from the retailers and secondary wholesalers we supply, business has picked up in recent weeks."

Mr. Handler also reported a new trend among small investors in gold. "Many investors in bullion coins are switching from South African Kruggerands to the Canadian Maple Leaf," he said. "From what our customers tell us, it has nothing to do with South Africa's racial policies. Rather, it has to do with the premiums. Kruggerands retail for 3 to 4 percent above the value of bullion at the time of sale, while the premium on the same one-ounce Maple Leaf is about half that."

Mr. Handler said that many investors also prefer the Maple Leaf because it has no base metal added to strengthen it, as does the Kruggerand coin. "But both coins contain a full troy ounce of gold and unless one plans to melt down bullion coins, it really makes no difference," he added.

The consensus about future trends in gold prices was summed up by one of the most steadfast gold bugs, Paul Saroff, research chief at Rudolf Wolff Commodity Brokers Inc., the U.S. arm of the London metals brokerage house.

"There is no doubt that American investors are gold-conscious," Mr. Saroff said. "That is why the biggest commodity exchange, the Chicago Board of Trade and Mercantile Exchange, have asked the government for permission to trade in bullion coins along with their existing markets in gold bars." It is expected that these new futures contracts will be approved later this year.

Uncertainty Over Rates, Policies Becalms Market

(Continued from Page 7)
by managers Credit Suisse First Boston. The issue is not callable for four years and then at a descending price from the opening premium of 10 1/4.

Only one straight issue was marketed last week, and it apparently was well received because the amount was increased to \$150 million from the initially indicated \$100 million.

Citicorp Issue

The borrower was Citicorp, which sold five-year notes bearing a coupon of 15 percent at a price of 99 to yield 15.30 percent.

Although rates on six-month to three-year Eurodollar deposits currently pay from 17 1/2 to 16 percent, merchant bankers Hill Samuelli advised investors to buy quality bonds bearing coupons of 15 percent or more.

While this involves giving up an immediate advantage in the deposit market, the bank notes: "A drop in money market rates will push up bond prices. Only a 1/4 point price appreciation is necessary to make up this difference on a 14 percent two-year bond and two points on a three-year bond. Given our expectations for lower rates, this remains a distinct possibility plus the added potential for capital gain on bonds in this range."

Japanese in Market

The market for bonds convertible into common stock remained buoyant, with Japanese issuers dominating the activity.

Tokyo Sanyo Electric is raising \$30-million through 15-year privately placed convertibles. The indicated coupon is 5 1/2 percent and a conversion premium of about 5 percent is expected.

Italy's Stock Markets Are to Reopen Today

ROME — Italian stock markets, closed by the government Wednesday after a selling wave, will reopen Monday bolstered by new measures designed to prop up prices, Treasury Minister Beniamino Andreatta said.

Banks, insurance companies and private investors have agreed to make protective purchases of stock, he said. The government is taking action to discourage speculation and the Finance Ministry will propose tax cuts for small stockholders.

Dai Nippon Ink & Chemicals is in the market for \$40 million. Its 15-year issue, expected with a semi-annual coupon of 6 percent, is expected to be convertible into the printing company's Tokyo-listed shares at an anticipated premium of 5 percent.

Toyo Menka Kaisha, the Japanese trading company, is seeking \$30 million. These 15-year convertibles are expected to bear a semi-annual coupon of 6 1/2 percent and carry a conversion premium of 5 percent.

Murata Manufacturing increased the size of its convertible to \$40 million from the initially indicated \$30 million. Heavy demand enabled managers to set the semi-annual coupon at 5 1/2 percent, down from the indicated 5 3/4 percent. The price to convert the bonds into the electronic and electrical components maker's stock was set at 2,190 yen, representing a premium of 4.25 percent over the prevailing price. The exchange rate for the life of the bond was fixed at 230.20 yen per dollar.

Hazama-Gumi sold its \$30 million convertible issue at par bearing a semi-annual coupon at the indicated 6 percent. The price to convert into the construction contractor's shares was set at 277 yen, representing a premium of 2.59 percent. The rate of exchange was fixed at 230.85 yen per dollar.

From the United States, Texas General Resources is raising \$15 million through 15-year convertibles bearing an indicated semi-annual coupon of 10 1/2 percent. The bonds are expected to be convertible into the oil and drilling firms' shares, listed on the American Stock Exchange, at a premium of 15-to-20 percent over the prevailing price.

Still on offer is Northwest Energy's \$30 million of 9-percent bonds, which are convertible either into the pipeline company's shares at an anticipated premium of 17-to-20 percent or alternatively con-

vertible into fixed-rate notes bearing 16 1/2-to-16 3/4 percent.

Activity in the Deutsche mark sector was even more subdued. No new issues are expected to be announced before the next meeting of the capital market subcommittee on July 20 and there was little volume of trading. Prices on average eased about a quarter point. Bankers reported seeing evidence of increased Mideast interest in DM securities, but added that the money was being invested in stocks rather than bonds.

Eurobond Yields*
Week Ended July 8, 1981
(U.S. Dollars)

International institutions	14.40 %
Industrials, long term	13.86 %
Industrials, medium term	14.76 %
Canadian dollars, medium term	15.01 %
French franc, medium term	17.43 %
Unit of acc. long term	10.99 %

Market Turnover
Week Ended July 10, 1981
(Millions of U.S. Dollars)

Cedel	3,433.1	2,921.2	511.9
Eurocl.	4,723.8	4,104.6	619.2

BANQUE INTERNATIONALE POUR L'AFRIQUE OCCIDENTALE
U.S.\$20 million Floating Rate 1978/83
The rate of interest applicable for the six months period beginning on July 15, 1981 and set by the reference agent is 18 3/4% annually.

CREDIT NATIONAL
U.S.\$75 million
floating rate 1978/88
The rate of interest applicable for the six months period beginning on July 15, 1981 and set by the reference agent is 18 3/4% annually.

Wh
LEVERAGED CAPITAL HOLDINGS N.V.
Curacao, Netherlands Antilles
Notice of Annual General Meetings of Shareholders
Notice is hereby given that an Annual General Meeting of Shareholders of Leveraged Capital Holdings N.V. has been called by the Manager, Intimis Management Company N.V.
The Meeting will take place at the offices of the Company, John B. Gorsiraweg 6, Willemstad, Curacao, Netherlands Antilles on 4th August, 1981 at 10:00 a.m.
The Agenda, the Annual Report for 1980 and further details may be obtained from the offices of the Company or from the Paying Agent mentioned hereunder.
Shareholders will be admitted to the meeting on presentation of their certificates or of vouchers, which may be obtained from the Paying Agent against delivery of certificates on or before 28th July, 1981.
Willemstad, 13th July, 1981
INTIMIS MANAGEMENT COMPANY N.V.
Paying Agent:
Pierson, Heldring & Pierson N.V.
Herengracht 214
Amsterdam

Mexico, Banks Reach Accord on Wording for Loans

(Continued from Page 7)
time, the borrower and its lenders will attempt to find a mutually satisfactory alternate to the prime. If no agreement is reached, the borrower can prepay the loan at no penalty.

The status of the enormously successful \$1-billion facility for Banobras (managers achieved an almost unheard of 90 percent sell-down during syndication) is a bit stickier. Banobras had issued to managers a written mandate that included the mechanical formula for switching to the CD rate.

In effect, Banobras is seeking to reward that mandate — a move the banks have been resisting for

some months. The ENCE and Banco Somex deals were syndicated with the understanding that suitable wording on the pricing mechanism remained to be agreed upon.

Consent Obtained

Bank of America and Bankers Trust, respectively lead manager and agent bank on the Banobras deal, have obtained the consent of the other eight lead managers to change the wording and are in the process of polling the entire syndicate for their acceptance — which is expected.

One result of all this is that

Mexican borrowers will no longer be allowed to issue mandates — the finance ministry will now handle all the details of such international operations.

One irony of doing business with Mexico that bankers do not want to discuss is that their loans enable Mexico to keep the price of its oil higher than warranted by market conditions.

Mexico needs huge sums of money to finance its very ambitious development program, which is keeping the economy expanding at an 8-percent "real" rate of growth. Its oil exports are the base for this growth. But Mexico is unwilling to price its oil to sell — a \$4 per-barrel cut in the price was abruptly rescinded to \$2 and major buyers have refused to buy.

If Mexico needed the money, it would be forced to set a price that oil companies would accept. Instead, Mexico has simply calculated the shortfall from the anticipated decline in this year's oil sales and added that amount to what it plans to borrow from the banks. In effect, the banks are financing Mexico's insolvency.

This is really no different from the huge loans Western banks

made during the 1970s to Eastern Europe, enabling those countries to escape the hard "guns or butter" choices by making guns and importing butter on Western credit. It was the same with Brazil, Mexico, Colombia and other coffee producers were actively storing beans rather than sell at a time when prices were declining from record highs.

'Political' Issues

Bankers refuse to discuss what they call "political" issues, saying that is a matter for governments. Bankers also note that all dollars look alike, making it impossible to enforce that dollars lent for a specific purpose are not diverted to financing something else.

And they agree with a Mexican, who shrugged the question off. "In a world of no competition," said this official who recently visited Paris, "you might expect such a reaction. But Mexico is a good customer of the banks" and the competitive nature of the business assures Mexico of a steady source of money.

He said that Mexico borrowed \$11 billion in the first six months of this year and expects to need

VW Status Poses Problems

(Continued from Page 7)
than 15 percent a year seems to require considerable faith.

Volkswagen sales in the first half of this year were down 4 percent, to 146,930.

Volkswagen's management sees a "pent-up market for cars" building while high interest rates discourage buyers. Auto analysts, however, anticipate a market that will have significant strength but in general will remain flat.

Part of Volkswagen's problems reflect increased competition and a change in motorists' buying habits. The Beetle's popularity was assured by its modest price and unusual style in a market that consisted mostly of larger cars. But now the Rabbit (known as the Golf in Europe) must compete with a multitude of other small cars, including some Japanese models that analysts say are comparable in engineering, finisher in appearance and, in some cases, less expensive than the Rabbit.

The discrepancy between Volkswagen's sales forecasts and those of others in making industry observers assume that the West German manufacturer may have something else in mind for the Sterling Heights plant.

"What looks to me and you like an impossible growth in sales is

impossible," an industry analyst said. "But Volkswagen's management and financial planners are the best around. You can bet they understand the market well and are not going to do anything stupid."

Volkswagenwerk is talking to Nissan about making cars in Japan. And some industry sources believe the West German company has proposed a joint venture with the Japanese company at Sterling Heights.

Volkswagen denies such discussions, and it refuses to say what kind of cars will be assembled at the Sterling Heights plant.

As for the Rabbit, Volkswagen depends on the car's fuel efficiency and reputation for quality to attract buyers. When Volkswagen executives are pressed on how their sales can jump dramatically, they smile and mention Volkswagen's "tradition of technology."

But Volkswagen's present troubles do not necessarily make its decision to come to the United States a bad decision.

"Over the long term, the immediate goals might not be quite so important," said Henry Mathews, a senior consultant with Arthur D. Little. "They are a worldwide manufacturer, and they have proved they are technical leaders. That gains them a lot."

Gold Options (prices in \$/oz.)

Price	Vol.	Options for
400	2,200-3,000	Feb. 82
400	2,200-3,000	Mar. 82
400	2,200-3,000	Apr. 82
400	2,200-3,000	May 82
400	2,200-3,000	June 82
400	2,200-3,000	July 82

Valores White Weld S.A.
Quai au Mont Dieu
1211 Geneva
Tel. 314251 - Telex 28306

THE PHILIPPINE INVESTMENT COMPANY S.A.
Next Asset Value as of June 30, 1981 U.S. \$8.48
Listed Luxembourg Stock Exchange
Agents
Banque Commerciale du Luxembourg
Investment Bankers
Mazelle Pacific Securities S.A.

THE KYOWA BANK, LTD.
Total Assets: US\$32 billion
Head Office: 1-2, Ohmachi 1-chome, Chiyoda-ku, Tokyo, Japan. Tel. 03-287-2111
Telex: J24275 Overseas Offices: London, New York, Los Angeles, Singapore, Sao Paulo, Frankfurt, Amsterdam, Chicago, Seoul, Hong Kong, Sydney, Bahrain
Overseas Subsidiaries: Kyowa Finance (Hong Kong) Ltd., The Kyowa Bank of California, Kyowa Bank Nederland N.V.

Wh
The annual report for the year 1980 of
Leveraged Capital Holdings N.V.
has been published and may be obtained from
PIERSON, HELDRING & PIERSON N.V.
Amsterdam.

All these Bonds having been sold, this announcement appears as a matter of record only.

NEW ISSUE

June 1981

CITY OF VIENNA
Republic of Austria
Swiss Francs 100,000,000
7 3/4% Swiss Franc Bearer Bonds 1981-87-91

Kredietbank (Suisse) S.A. Nordfinanz-Bank Zürich
Clariden Bank Lloyds Bank International Ltd.
Armand von Ernst & Cie AG Fuji Bank (Schweiz) AG
Banco di Roma per la Svizzera Gewerbank Baden
Bank und Finanz-Institut AG Hypothek- und Handelsbank Winterthur
Banque de l'Indochine et de Suez (Succursales de Suisse) Maerki, Baumann & Co. AG
Caisse d'Epargne du Valais Morgan Grenfell (Switzerland) S.A.
CIAL, Crédit Industriel d'Alsace et de Lorraine Sparkasse Schwyz

International Bond Prices - Week of July 9

Provided by White Weld Securities, London; a Division of Financiere Credit Suisse - First Boston

Table of International Bond Prices, columns include Amt, Security, % Mat, Middle Price, Conv. Pr, and Yld. Cur.

CONVERTIBLE BONDS

Table of Convertible Bonds, columns include Amt, Security, Middle Price, Conv. Pr, and Yld. Cur.

NEW YORK (AP) Weekly Over the Counter

stocks since the high, low, and last bid prices for the week with the net change from the previous week's last bid price.

Table of New York Over-the-Counter Stocks, columns include Security, High, Low, Last, and Change.

Over-the-Counter

Table of Over-the-Counter Stocks, columns include Security, High, Low, Last, and Change.

HIGHEST CURRENT YIELDS - On convertibles having a conversion premium of less than 10%.

Table of Highest Current Yields, columns include Security, Yld. Cur, and Conversion Premium.

Explanation of Symbols

CU Conversion Currency Unit, EU European Unit of Account, SIA Swiss Franc, DM Deutsche Mark, NHD Netherlands Guilder.

The world at your finger tips.

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Chicago Exchange Options

Table of Chicago Exchange Options, columns include Option & price, Class, and For the Week Ending July 10, 1981.

Table of Chicago Exchange Options, columns include Option & price, Class, and For the Week Ending July 10, 1981.

Over-the-Counter

Table of over-the-counter stock prices including various companies like American International, American Mutual, etc.

Table of Treasury Bills with columns for Bid, Ask, and Yield.

Table of Consolidated Trading of NYSE Listings with columns for Bid, Ask, and Change.

Table of Kredietflux Indices for various countries like USA, Canada, etc.

Consolidated Trading of AMEX Listings. Week Ended July 10, 1981. Includes a list of companies and their trading volumes.

Consolidated Trading of NYSE Listings. Week Ended July 10, 1981. Includes a list of companies and their trading volumes.

Issues Traded in 1981. Week Ending: 765; declines: 1112; unchanged: 205.

Big Corporate Mergers Are Coming Back into Style

(Continued from Page 9) David Kay, who heads the mergers and acquisitions department at the big brokerage firm of Drexel Burnham Lambert, said the Exxon acquisition was the first indication to big companies that "megabuck mergers" would not be quashed at first mention.

David Kay, who heads the mergers and acquisitions department at the big brokerage firm of Drexel Burnham Lambert, said the Exxon acquisition was the first indication to big companies that "megabuck mergers" would not be quashed at first mention.

Not only is there a changed climate in Washington, Mr. Fogg said, but also the recent surge of Canadian money into the United States is a major element in some transactions. Seagram, which is sitting on nearly \$3 billion since selling its U.S. oil and gas operations to Sun Oil last year, has been the most persistent, if unscrupulous, Canadian suitor of U.S. companies.



THE BANK'S RESULTS

For 1980 SOCIÉTÉ GÉNÉRALE's accounts showed: a balance sheet total on 31st December 1980 of 370,402 million francs, an increase of 20.46%.

DIVIDEND

In its meeting of 29th May 1981, the Committee representing the shareholders decided: to pay a dividend of 12 francs per share plus a tax credit of 6 francs (amount already paid to the Treasury), or a total amount of 18 francs.

CONSOLIDATED POSITION

On 31st December 1980 the Group's consolidated balance sheet total was 410 billion francs. Consolidated profit for the year was 1,013 million francs, of which 796 million is due SOCIÉTÉ GÉNÉRALE.

THE SOCIÉTÉ GÉNÉRALE SHARE

1980 was a decisive stage for SOCIÉTÉ GÉNÉRALE in the development of private shareholding. The bank made its first capital increase in cash shares since 1946 for an amount approaching 100 million francs.

BANKING ACTIVITY IN FRANCE

The evolution of deposits and loans was affected by the stagnation of economic activity, the acceleration of price rises and the worsening of credit restrictions.

INTERNATIONAL ACTIVITY

SOCIÉTÉ GÉNÉRALE strengthened the means employed to increase the number of its interventions abroad, and the measures taken in 1980 resulted in making its wide range of services even more accessible to small and medium size companies.

CONSOLIDATED BALANCE SHEET OF THE SOCIÉTÉ GÉNÉRALE GROUP AS AT DECEMBER 31st, 1980

Large table showing consolidated balance sheet with columns for Assets, Liabilities, and Total Assets, broken down by 1980 and 1979 figures.

CONTINGENT LIABILITIES

Table of contingent liabilities including items like Sureties, endorsements and other guarantees in favour of financial intermediaries.

Mutual Funds

Table of mutual fund prices for July 10, 1981, listing various funds and their prices.

American Exchange Options

Table of American exchange options for the week ending July 10, 1981, listing various options and their prices.

ESORTS & GUIDES

Large advertisement for escorts and guides services, listing various agencies like CONTACTA INTERNATIONAL, AMSTERDAM HONESTY ESCORT, etc.

CLASSIFIED ADVERTISEMENTS

Large advertisement for classified services, including escorts and guides, with contact information for various agencies.

7 Top 3:51 Mile In Oslo; Coe Sets 1,000-Meter Mark

By Neil Amdur
New York Times Service

OSLO — In perhaps the most amazing mile race ever, seven runners bettered 3 minutes 51 seconds Saturday night, led by Steve Ovett's 3:49.25.

Ovett's winning performance, during the Duxor Games at Bislett Stadium, was slower than his world-record 3:48.8 set here last year. But Saturday night's race, which followed Sebastian Coe's record-breaking 2:17.18 for 1,000 meters, was ushered in a new era in the mile.

Jose Luis Gonzalez was second in 3:49.67. Steve Scott edged Jim Ryan's 13-year-old U.S. record of 3:51.1, finishing third in 3:49.68.

Ryan's old mark also was broken by Todd Harbour, who was fifth in 3:50.34, two strides behind John Walker of New Zealand (3:50.26), the former outdoor world record holder. The remaining runners in order were Steve Cram, 20, of Britain, who finished second in 3:50.38, and Thomas Weschhage, of West Germany, 3:51.91. Eighth was John Robson of Britain in 3:52.44. Esmond Egan of Ireland, the indoor mile king, was ninth in 3:56.50, a time that would have won most mile races a few years ago.

Carl Lewis won the 100-meter dash, but it was a painful victory that could curtail some of his immediate spring and long jump plans.

Moses, a familiar figure in Norwegian track and field fans, easily outdistanced five other competitors, including Bart Williams and James King, his American rivals, in 47.99 seconds. It was the 65th consecutive victory for Moses in a sprint that is in his fourth year. Moses, the 1976 Olympic champion, probably could have broken his world record of 47.13, but he costed the last 10 meters, with Williams a distant second in 49.93.

Lewis won the 100-meter dash in 10.19 seconds, but 10 meters from the tape he suffered a slight cramp in his right calf. Lewis said that as he crossed the finish line one foot ahead of his American rival, James Sanford, his right hamstring muscle tightened.

The 100 had been billed as a potential world-record race, with Lewis, Sanford, Allan Wells of Britain, the 1980 Olympic champion, and Stanley Floyd, another top-ranking American and Ernest Obeng of Ghana.

But Floyd's blocks went out from under him at the start, Wells slowed, sensing that the race might be recalled; Sanford stopped at the 90-meter mark, misjudging the finish line while slightly in front of Lewis at the time. And Herschel Walker, the University of Georgia star, fell down three steps into the race.



Sebastian Coe runs the 1,000 meters in record time in Oslo.

Cauthen Feels at Home in Britain

By Dave Anderson
New York Times Service

NEWMARKET, England — In his dark blue and light blue silks with the white jodhpurs and the boots, Steve Cauthen was no different — that boyish smile, those long fingers when he shook hands, the straight, dark hair. In his silks he could have been at Belmont or Santa Anita, but no, everything else was different. He was here at Newmarket, leaning on a wooden railing near the huge scale of the jockey's waiting room in this small

stucco building with a thatched roof. Next to it was a brick building the size of a small farm house where they take the bets at this race track out here in the English horse country northeast of London.

When he spoke, the squeaky voice was different, too. Different accent. Different choice of phrases.

"Everything's fine over here with me," he said before the first race. "Good as gold."

He sounded more like the actor Dudley Moore than the kid who learned to ride horses in Kentucky.

That's only natural. Cauthen is in his third racing season in England now. Stay here that long and you'd sound different, too. To those who remember him riding Affirmed to the Triple Crown in 1978, he'll always be "The Kid" but he's not a kid anymore. He's 21 years old, perhaps half an inch taller than he was and a little heavier.

"I ride at about 114 now," he said.

He intends to ride here rather than in the United States "as long as I enjoy it here." He has a home near London, and he has adjusted to the different track here.

"They have 60 race courses here," he said. "I've ridden at all of them except one. No two courses are the same. I prefer the variety rather than going to the same track every day week after week like you do at Belmont or Aqueduct."

When he returned to Kentucky last winter he visited his Triple Crown horse, Affirmed, at Spendthrift Farms.

"He looked at me, but I don't know if he recognized me or not," Cauthen said. "I think he'd recognize me if I got on his back. That was my relationship with him. He knew who I was when I was on his back."

He has returned to America for a few races at the Meadowlands, Saratoga and Santa Anita, but he's an English jockey now.

"I really like it here — the people, the race courses, the way of life. You don't have to come over here and stay a while to appreciate it. I like the countryside, I like going up the Thames on a cruise. I like playing golf and tennis. I like watching Wimbledon on the television. I might go to the Open, the golf tournament. And over here racing is more of a sport. In America, it's a business, strictly. Here, it's a business but it's also a sport. I'm not saying one way is right or wrong. But that's the way it is."

Cauthen excused himself. He had to ride Ashenden, a 2-year-old colt, in the Plantation Maiden Stakes over seven furlongs.

At the nearby brick building, one window was selling the 5-pound tickets, and 10 windows were selling 1-pound tickets to men in tweed jackets or shirtsleeves, to women in tailored suits or sun dresses. Up on the manually operated board, Cauthen's horse was at 8-1, the fifth choice. Below was a sign, "going good." In the unshaded grass paddock surrounded by a wooden fence, the horses for the first race were being walked by grooms.

Soon the American jockey in the dark blue and light blue silks was boosted up on Ashenden, the No. 4 horse.

"He's done a good job, he has,"



Steve Cauthen

Impiring Stadium

With a brisk early 400-meter race of 51.6 seconds from James King, an American who was added to the field as a rabbit only 45 minutes before the race, Coe sprinted to the 800-meter mark in 1:44.3, faster than the winning time in the 800 earlier in the evening.

Last year, Coe ran 2:13.40 here in setting the previous mark.

"There is something about this stadium," Coe, the 1980 Olympic 1,500-meter champion from Britain, said of his second world-record performance in a month. "It's the atmosphere. You can be lifted beyond belief before the gun goes."

Coe's triumph, before a crowd of 12,822, followed his world-record 800 (1:41.72) last month and a 3:31.95 for 1,500 meters, the third fastest ever, earlier in the week in Stockholm.

"Now I've got to slow him down," said Peter Coe, his father and coach, who was shouting out splits in the early stages on the 400-meter track and then waving a racket at his son in the final straightaway, 30 meters from the finish. "Now I've got to rest and take care of him. I can't have him going over the top."

Another Olympic champion, Edwin Moses, extended his amazing string of victories in the 400-meter hurdles. And James Robinson, America's No. 1 half-mile runner, the last 60 meters and outdistanced Harald Schmidt of West Germany in the final stages of the 800 (1:44.95 to 1:44.96). Pentti Saikku of Finland unloaded a winning javelin throw of 293 feet 4 inches.

But not all of the stars escaped. Grete Waitz of Norway was forced out of the 5,000-meter race with a foot injury while she was on a record pace at the 3,900-meter mark. Ingrid Christensen of Norway won the event in 15 minutes 28.49 seconds and was credited with a world record as she beat the mark of 15:30.36 set by Jan Merrill of the United States. A faster time has been posted by a woman, but it was in a race against men.



NADIG RETIRES — Marie-Theres Nadig of Switzerland has announced her retirement from World Cup skiing. Nadig, who won two gold medals in the 1972 Olympics, is the current overall World Cup champion.

Russians Easily Outclass U.S. Team at Track Meet

By John F. Burns
New York Times Service

LENNINGRAD — The Soviet Union swept to an easy victory over the United States Saturday in the dual athletic meet here, stretching the lead established in the first day's events Friday to post an overall margin of 204 points to 178.

The victory, the 13th for the Russians in 17 meets since 1958, followed a familiar pattern. The American men, strong on the track, won their competition handsily, 118 points to 105, but Soviet dominance of the field events and the women's competition, which they won 99 points to 60, more than made up for the men's deficit.

For the Americans the high point of the day came with an outstanding performance by sprinter Cliff Wiley, who won the 400-meter dash. Wiley, a 26-year-old law student from Baltimore, took the baton for the anchor leg step-for-step with Viktor Markin, the 400-meter gold medalist at the Moscow Olympic Games, then outpaced the Russian to win by five yards.

The Wiley-Markin matchup was the closest the meet came to offering a return of the Moscow Games as they might have been if the U.S. team had not boycotted the Olympics. Otherwise, the competition provided little that 20,000 spectators at Lenin Stadium here and millions who watched live on Soviet television could consider as a substitute for the traditional Olympic rivalry.

Outstanding Performers:

The Russians, naming the outstanding performers of the meet, split the honors evenly. The Americans named were Jeff Phillips, a 24-year-old student from Ohio, who won the 100-meter and 200-meter dash events, and Louise Litter, a 23-year-old high jumper from Texas, who won her event in a meet record of 6 feet 4 inches. The Russians honored women's

Yuri Sedykh, winner in the men's hammer throw, and Tatiana Anisimova, winner of the women's 100-meter hurdles and 200-meter sprint.

Soviet superiority in the field events was underscored when David McKenzie, a 32-year-old hammer-thrower, established an American record in the event of 237 feet 2 inches, more than a foot better than the old mark, and still finished third behind two Russians. The winner, Sedykh, twice Olympic champion, hurled the hammer 257 feet 6 inches, and that was more than 10 feet short of the world record established in the Moscow Games.

A small but vociferous group of Americans in the crowd at Lenin Stadium, mostly students at Leningrad University, cheered and waved hand-lettered banners for the U.S. winners. One favorite was Karin Smith, a 23-year-old javelin thrower, whose victory, along with Ritter's in the high jump, prevented a Soviet sweep of the women's field events.

Weak U.S. Team

A disappointment for the Americans came in the men's 800 meters, traditionally a strong event for the U.S. team but one that went to the Russians Saturday after a strong finishing burst by Anatoly Reabynsky, a relatively unknown Russian.

The Americans, Randy Wilson and Mark Eynart, set a relatively slow pace from the gun and appeared surprised when the Russian broke away in the last turn and relegated them to second and third places.

Privately, Soviet officials did not disguise their disappointment at what the American coaches acknowledged was not a top-flight American team. Although U.S. teams have lost to the Russians by wider margins in the past, not many U.S. squads have come here with fewer top-echelon performers.

After 54 Holes, Haas Leads Milwaukee Golf

The Associated Press

MILWAUKEE — Jay Haas, bidding for his second victory in his fifth season on the PGA Tour, fired a 5-under-par 67 Saturday to assemble a total of 201, 15 under par, and take a 5-stroke lead into the final round of the Greater Milwaukee Open golf tournament.

"A lot of things can happen between now and the 72 hole," he said after his round. "I'll try not to look ahead. But it's hard to do." Rex Caldwell shared the runner-up spot with Mike Smith.

Finally Arrived

For the first time in his life, the former kid had found himself in Old Town, and had steered directly for the five-story plant where Old Town canoes, kayaks, dinghies and even rowing shells are built. Old Town is a translation of the name the Penobscot tribe of Abenaki Indians had for an ancient settlement on the Penobscot River. To a faithful reader of "Boys' Life" and "The American Boy," it is pronounced "Mecca."

U.S. Team Secures Victory Over Czechs In Davis Cup Tennis

From Agency Dispatches

NEW YORK — John McEnroe came in life Sunday to beat Tomas Smid, 6-3, 6-1, 6-4, and give the United States an insurmountable 3-1 lead in its Davis Cup zone semifinal against Czechoslovakia.

The victory advanced the United States into the semifinal round against Australia, which defeated Sweden.

Jimmy Connors was to meet Ivan Lendl of Czechoslovakia in the day's second singles match, the finale of the best-of-five-match format.

In the opening singles matches on Friday, Lendl defeated McEnroe 6-4, 14-12, 7-5, while Connors stopped Smid 6-3, 6-1, 6-2. The United States took a 2-1 lead on Saturday when Stan Smith teamed with Bob Lutz to down Lendl and Smid 9-7, 6-3, 6-2 in the doubles.

Smid was the victim of McEnroe's return in form that had given 22-year-old New Yorker the Wimbledon singles title only a week ago and had taken him to the No. 1 spot in the world. It was McEnroe at his finest.

To the final set, McEnroe broke Smid's service in the first game, the winning shot a backhand that caught the Czechoslovak at the net, then served out the set.

After the loss to Lendl, who also beat McEnroe in the French Open, McEnroe said he was worn out mentally as well as physically from his tumultuous two weeks at Wimbledon.

Monaco as José Lopez Masso beat Luis Borfiga, 6-2, 6-4, 6-0, and Fernando Luna beat Jacques Vinciguerra, 6-1, 6-4, in a match reduced in best-of-three sets.

In Tel Aviv, Hungary beat Israel 3-2, as the countries split the final two singles matches. Balazs Taroczy of Hungary defeated David Schneider, 6-3, 6-3, 6-2, but Robert Machan lost to Shlomo Glickstein, 6-0, 6-4. Hungary will meet Spain in the zone final.

In Helsinki, the Netherlands won both reverse singles matches to sweep Finland, 5-0. Eric Wilhorst beat Kimmo Alkio, 3-6, 2-6, 6-0, 6-2, 6-4, and Louk Sanders beat Matti Timonen, 4-6, 6-0, 7-5, 6-4.

And in Pörschach, Austria, the Soviet Union earned a semifinal berth against the Netherlands by defeating Austria, 4-0. On Sunday, Konstantin Pugaev beat Ingo Wimmer, 6-4, 6-2, 3-6, 6-3, in a rain-interrupted match. The second singles match of the day was canceled.



Stan Smith (left) watches his doubles teammate, Bob Lutz, make a play during their victory over the Czechoslovak team of Ivan Lendl and Tomas Smid in Davis Cup tennis competition.

Union Accepts, Owners Reject Proposal by Baseball Mediator

By Murray Chass
New York Times Service

NEW YORK — Talks in the baseball strike broke off again during the weekend after the owners' bargaining team rejected a federal mediator's proposal that had been accepted by the players' negotiators.

Disclosing that "it's getting nasty in there," Kenneth E. Moffett, the mediator, said he had no immediate plans to call another bargaining session.

Ray Grebey, the owners' chief negotiator, told a press briefing Saturday after two futile sessions with the players: "The meetings are recessed until further call by Moffett."

Marvin Miller, the players' union chief, said a few minutes later: "They came back with absolutely nothing. After one caucus, they advised us through the mediator that unless we had a new proposal that we were to accept, we were to reject it. We did not care to meet."

The Moffett plan divides the 26 teams into three groups (top nine, middle eight, bottom nine), and proposes professional compensa-

tion if a premier free agent moves upward from bottom or middle to top, or from bottom to middle. One of the owners' major objections to the proposal dealt with the teams that would receive professional compensation for the loss of a premier free agent.

Under the plan, there would have been no professional compensation if a premier free agent moved laterally within a group or moved downward. A team losing a player moving laterally would receive an amateur draft choice as compensation. A team losing a player to a team in a lower group would receive no compensation.

"That procedure yields virtually no compensation," Grebey said. "That proposal would require more compensation for players below the ranking player level than for a ranking player. The clubs never were interested in doing that."

The owners also objected to a cash payment, \$200,000 or \$150,000, depending on other variables, that would have to be made by the team getting the compensation player to the team losing him.

When Miller was asked if the owners' negotiators suggested any substitutes for those two provisions, he said, "I will quote Grebey: 'No, not at this time.'"

Controversy had surfaced over the authority of the proposal. Grebey said that it was actually Miller who was the source of the proposal, and the union chief said that the owners' chief negotiator was lying.

After meeting until about 2 a.m. Saturday, the bargainers returned in the table at 11 a.m. and, in the next two hours, met jointly for about 40 minutes before recessing for lunch.

Moffett made a special trip to New York from Washington on Thursday to deliver the proposal to Grebey and Miller, and it became the primary topic of conversation when talks resumed Friday after a five-day recess.

Nancy Broff, general counsel for the Federal Mediation and Conciliation Service, said Saturday that she had no knowledge of Miller's involvement in drafting the proposal.

"I wrote it," Broff said. "Ken and I talked about it and I drafted it. We felt it could be something that would get talks going."

Mediator's Proposal

New York Times Service

NEW YORK — Terms of the settlement proposal suggested by Kenneth E. Moffett, the federal mediator in the major league baseball strike:

A premier free agent will be defined as any eligible player in the top 20 percent at his position, based on statistical criteria over the most recent two-year period.

Players in the top 20 percent who have previously been free agents, those with more than 12 years of major league service, and those who are 35 or older will be excluded from the premier category.

Premier free agents can negotiate with any number of teams rather than being limited to selection by 13 teams in the free-agent draft. Other free agents will be subject to the draft as it has been conducted since 1976.

In any given year, only 12 premier free agents will require compensation of a professional player to the free agent's former team. The compensation for any additional premier free agents will be a special amateur draft selection.

The extent of compensation, given and received, will be determined by a team's relative standing. Based on two-year records, the 26 teams will be divided into three categories: the top nine, the middle eight and the bottom nine. If a premier free agent moves up two levels, from a bottom team to a top team, the signing team will protect 24 players, and the losing team will select an unprotected player. If a premier free agent moves up one level, from the bottom in the middle or from the middle to the top, the signing team will protect 30 players. If a premier free agent moves within the same group, the team losing him will receive an amateur draft choice. If a premier free agent moves downward, there will be no compensation.

When a team loses a free agent and receives a professional player as compensation, it will pay the compensating team a sum of money, presumably to reduce the punitive aspect of direct compensation. If the compensating team protects 24 players, it receives \$200,000. If it protects 30 players, it receives \$150,000.

Alban Captures 18th Leg of Tour

MORZINE, France — Robert Alban of France won the 18th stage of the Tour de France bicycle race Sunday. He was fastest in the 199 kilometer (124-mile) stretch from Thonon-Les-Bains in Morzine. Sven-Ake Nilsson of Sweden was second, and Claude Criquielion of Belgium came in third.

Bernard Hinault, the French world champion, retained the race leader's yellow jersey when he finished in a pack of about 15 riders who followed close on Criquielion's trail.

On Saturday, Sean Kelly of Ireland led a pack of 14 riders to a sprint finish to win the 17th stage. Kelly finished the hilly, 227-kilometer (142-mile) course from Besancon to Thonon-Les-Bains in five hours, 47 minutes and seven seconds.

Red Smith: On Making a Pilgrimage to Mecca, Maine

New York Times Service

OLD TOWN, Maine — There were two kids in Green Bay, Wis., faithful readers of "Boys' Life" and "The American Boy." Both magazines carried seductive advertisements for the Old Town canoe, and the kids had a dream. If they had an Old Town canoe they would ship it by rail to the Chain of Lakes country in the northern Wisconsin woods, paddle through the lakes to the source of the Wisconsin River, ride the Wisconsin southwest to the town of Portage, where a mile overland would take them to the headwaters of the Fox, which flows northeast through Lake Winnebago to Green Bay.

They agreed to save their pennies to buy a canoe, "which in those days," Mike Faunce said recently, consulting an old catalogue, "would have required about 3,600 pennies."

"An incredible memory," one of the former kids told him, "suggests that we had about \$1.69 in the treasury when we quarreled about something and dissolved the partnership."

How Many Tacks?

In the next room Joe Lavoie and John Hardisty were fitting ribs on the iron-bound form of a canoe, which is to a boat builder as a dressmaker's dummy is to a seamstress. John took the cedar strips out of a steamer and together they bent them over the mold and tacked them down. Then, working swiftly before the pliable wood could dry, John fitted on planking lengthwise, securing it with brass tacks temporarily stored in his mouth.

"A visitor asked how many tacks this job took," Mike said. "The man doing it thought that

All-Star Game Postponed

CLEVELAND (AP) — Bowie Kuhn, the baseball commissioner, has announced that the all-star game, originally scheduled for July 14, has been postponed indefinitely because of the strike.

"We hope that when our player problems are settled, we can reschedule the game, although it is impossible at this time to set a specific date," he said.

CFL Standings

Eastern Division	Western Division				
	W	L	T	PCT	PF
Hamilton	7	0	0	1.000	23
Montreal	1	0	0	.500	21
Ottawa	0	2	0	.000	31
Toronto	0	2	0	.000	40
Western Division					
Calgary	1	0	0	1.000	28
Edmonton	0	0	0	1.000	27
Saskatchewan	1	0	0	1.000	18
Colts	0	1	0	.000	10
Winnipeg	0	1	0	.000	23

Points per game: Hamilton 23, Toronto 40, Calgary 28, Edmonton 27, Saskatchewan 18, Colts 10, Winnipeg 23.

Friday's Results
Saturday's Results
Hamilton at Ottawa 10
Edmonton at Calgary 10

Transactions

BASKETBALL
National Basketball Association
CHICAGO—Announced that they would not exercise their first of two options, allowing Bobby Wilkerson, forward, to join the Cleveland Cavaliers.

FOOTBALL
National Football League
CHICAGO—Signed Tade Bell, defensive back; and Scott Zolak, defensive end.
CLEVELAND—Signed Sanford Dixon, cornerback.
DALLAS—Signed Pearson, running back, 78 lbs.
DENVER—Signed Dennis Smith, defensive back; and John Harris, linebacker.
MIAMI—Signed Charley Winner, area scouting director.
PITTSBURGH—Signed Rich Donnelly, center.

HOCKEY
National Hockey League
EDMONTON—Signed Ted Green on optional contract.

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Language

Compound Nuisance

By William Safire

NEW YORK — A new and virulent strain of compound adjectives is attacking the body of language.



Safire

Two decades ago, "related" was the heavy-weight compound adjective of choice. It was the favorite of people who littered their sentences with "in terms of" and "vis-a-vis."

Body of Italian Boy Removed From Well

FRASCATI, Italy — Miners and firemen have recovered the body of a 6-year-old boy from an abandoned well, 31 days after he fell into it.

graphers wanted to wait for more editorial evidence. Came the avalanche. Nobody now says "requiring heavy investment" when "capital-intensive" will do, and "labor-intensive" has been stretched to include "back-breaking."

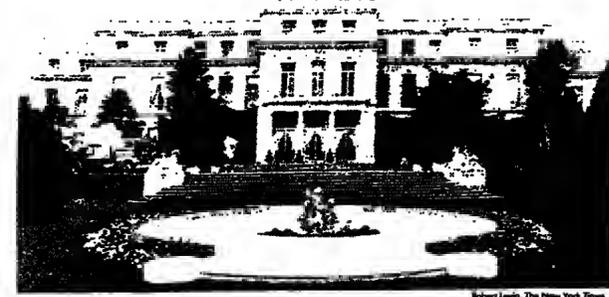
A DOCUMENT has been leaked to me by a mole in the Department of Commerce. It is a memorandum on stylistic preferences from Jean Jones, who is director of something called the "Executive Secretariat."

She then plays "The Killers" to writers of purple prose. "Discontinue using the following phrases: prior to (use 'before') subject matter, very much, share (as in 'share your concern'), as you know, more importantly (use 'more important'), needless to say."

A Mansion for Daddy Warbucks

By Michael deCourcy Hinds

NEW YORK — The set designers needed a mansion for shooting "Annie," Columbia Pictures' film version of the long-running Broadway musical.



Garden side of Shadow Lawn

Shadow Lawn, as it is called, has 130 rooms, not including the 2,500-square-foot main hall with its 75-foot Venetian glass ceiling. At night, lamps above the stained glass make it glow like a display case at Tiffany's.



Annie (Aileen Quinn) with Daddy Warbucks (Albert Finney) during filming.

The three-story, \$10.5-million mansion was designed in the 1920s by Horace Trumbauer for Hubert T. Parson, who was president of the F.W. Woolworth Co. until 1932.

Shadow Lawn, described in "Great American Mansions and Their Stories" as one of the 20 principal mansions in the United States, is the setting for almost half of "Annie."

Palace Aforethought "It was as though the mansion was built knowing that someday we were going to come and shoot 'Annie' here," said Hennessy, who is responsible for "the overall look" of the film.

ready leased for the production when he remembered that a swimming pool was needed. "I called the college and asked if there was a gym pool nearby that we could dress up. Sure there was a pool, they said — right in the mansion, just like it was written in the script."

Joseph Layton, executive producer and supervisor of the musical production, said: "The main hall lent itself beautifully to big, far-reaching numbers. We did 'Annie's' 'Think I'm Going to Like It Here' number to make a grand tour of the downstairs rooms."

Once the filmmakers had restored some of the mansion's former glories, Mommouth students, accustomed to classes in bare rooms there, did double takes.

Jodi Leitensdorf, who graduated this year, commented: "We just took the place for granted until they brought in the furniture. When I saw it all set up, I said, 'Wow! Has this been there all the time? I'll be sorry when the magic is gone and it becomes a pumpkin again.'"

PEOPLE: 'Boy-Next-Door' Roles

One thing seems more and more certain about President Reagan as time goes by: He used to write long letters. They keep popping up at autograph sessions, many of them conducted by Charles Hamilton, the New York dealer.

Princess Margaret and her daughter, Lady Sarah Armstrong-Jones, arrived Saturday at Gravenhurst, a resort town in Ontario for a private weekend visit.

Gloria Steinem told a seminar in Albuquerque, N.M., that women should give 10 percent of their salaries to the fight for social justice.

Opera buff in Peking gave Sarah Caldwell a tumultuous ovation on Saturday after the Boston Opera director conducted her first performance of Verdi's "La Traviata" in the Chinese capital.

Roddy Llewellyn, the former escort of Princess Margaret, was married in Marlow, England, on Saturday to Emma Soskin, a fashion designer and travel writer.

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